

**MEMO# 24576**

October 5, 2010

# **ICI Publishes Samples Of Funds' SAI Disclosure Of Role Of Board In Risk Oversight**

[24576]

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TO: COMPLIANCE MEMBERS No. 22-10  
RISK MANAGEMENT ADVISORY COMMITTEE No. 6-10  
RISK MANAGEMENT COMMITTEE No. 16-10  
SEC RULES MEMBERS No. 92-10  
SMALL FUNDS MEMBERS No. 53-10 RE: ICI PUBLISHES SAMPLES OF FUNDS' SAI  
DISCLOSURE OF ROLE OF BOARD IN RISK OVERSIGHT

As you may recall, in December 2009, the Securities and Exchange Commission adopted amendments that, for the first time, required funds to include in their registration statements disclosure regarding “the extent of the board’s role in the risk oversight of the [fund].” [\[1\]](#) As funds began to implement this requirement, the Institute collected samples of their disclosures. Based on the samples, funds generally took one of the following approaches to this new disclosure requirement:

- A succinct approach;
- An approach focused on the role of management and service providers;
- An approach focused on oversight through the reports provided to the board;
- A hybrid approach that combined (2) and (3); or
- An extended approach.

This disclosure appeared in fund SAIs under a variety of headings, such as: (1) Management of the Company and Funds; (2) Board Leadership Structure; (3) Responsibilities of the Board with Respect to Risk Management; and (4) Risk Oversight, Information on Trustees and Officers.

The Institute has published a compilation of the sample disclosures reviewed as a resource to our members. This compilation is available on the Institute’s website at: [http://www.ici.org/pdf/ppr\\_10\\_risk\\_disclosure.pdf](http://www.ici.org/pdf/ppr_10_risk_disclosure.pdf). The samples are grouped according the disclosure approach, with all identifying information redacted. In publishing these samples, the Institute is not suggesting that any one approach is preferable over another. Nor are we suggesting that funds take a “boilerplate” approach to disclosure. Instead, each fund

should tailor its disclosure to its practices and ensure that, whatever form of disclosure a fund chooses, it accurately represents the oversight approach taken by that fund's board.

Tamara K. Salmon  
Senior Associate Counsel

**endnotes**

[\[1\]](#) See Proxy Disclosure Enhancements, SEC Release No. 33-9089 (Dec. 16, 2009).

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