

MEMO# 32264

March 4, 2020

SEC Guidance on Fund Board Meetings and Unforeseen or Emergency Circumstances related to COVID-19

[32264]

March 4, 2020 TO: ICI Members
Investment Company Directors
Chief Compliance Officer Committee
SEC Rules Committee SUBJECTS: Advisory Contract Renewal
Audit Committees
Fund Governance RE: SEC Guidance on Fund Board Meetings and Unforeseen or Emergency Circumstances related to COVID-19

On March 4, 2020, the SEC's Division of Investment Management issued a staff statement regarding the potential effects of Coronavirus Disease 2019 ("COVID-19") and upcoming fund board meetings that were planned for in-person attendance ("staff statement"). The staff appreciates that fund boards have concerns about potential travel restrictions or the ability of directors to travel. The statement is available at:

<https://www.sec.gov/investment/staff-statement-im-covid-19>

The staff statement extends the no-action letter^[1] received by the Independent Directors Council in February 2019 ("IDC no-action letter"). Under the IDC no-action letter, the staff agreed to not recommend enforcement action if fund boards did not adhere to certain in-person meeting requirements in the event of unforeseen or emergency circumstances affecting some or all of a fund's directors. The staff statement extends the IDC no-action letter with respect to unforeseen or emergency circumstances to cover:

- all approvals and renewals (including material changes) of contracts, plans or arrangements under section 15(c) or rules 12b-1 or 15a-4(b)(2), and
- the selection of a fund's independent public accountant pursuant to Section 32(a) where such accountant is not the same accountant as selected in the immediately preceding fiscal year.

Importantly, this position applies to board meetings held between March 4, 2020 and June 15, 2020. The statement notes that Division staff may extend the time period for this no-action position as circumstances warrant, with any additional conditions deemed appropriate.

Thomas Kim
Managing Director
Independent Directors Council

Susan Olson
General Counsel

endnotes

[1] See [Memorandum No. 31631](#) for a summary of the no-action letter. The no-action letter is *available at* <https://www.sec.gov/divisions/investment/noaction/2019/independent-directors-council-022819>, and IDC's incoming letter is *available at* <https://www.sec.gov/divisions/investment/noaction/2019/independent-directors-council-022819-incoming.pdf>.

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