

**MEMO# 23778**

September 10, 2009

# **IDC Issues Task Force Report On Board Oversight of Fund Compliance**

[23778]

September 10, 2009

TO: CLOSED-END INVESTMENT COMPANY MEMBERS No. 38-09  
COMPLIANCE MEMBERS No. 42-09  
INVESTMENT COMPANY DIRECTORS No. 23-09  
OPERATIONS COMMITTEE No. 18-09  
SEC RULES MEMBERS No. 97-09  
SMALL FUNDS MEMBERS No. 54-09      RE: IDC ISSUES TASK FORCE REPORT ON BOARD  
OVERSIGHT OF FUND COMPLIANCE

The Independent Directors Council is pleased to provide you the IDC task force report entitled [Board Oversight of Fund Compliance](#). [1] The report discusses practices relating to fund compliance programs and the role of the fund's chief compliance officer. It also discusses key characteristics of a strong compliance regime, including an ethical and compliance-oriented "tone at the top." Other topics covered in the report include considering the mission and goals of compliance, compensation structures for CCOs, and processes for evaluating compliance programs and CCOs.

An IDC task force, composed of independent directors and chief compliance officers, was established to draft the report. The task force received substantial input and assistance from outside counsel, Paulita A. Pike of K&L Gates LLP. In addition, Stradley Ronon Stevens & Young, LLP and members of various IDC and ICI committees reviewed drafts of the report. IDC thanks the task force for their time and significant contributions to this report.

The policies, procedures, and practices discussed in the report are not intended to be a

model or a set of “best practices,” but are intended to assist directors in considering issues pertinent to the funds they oversee. The report is not intended, nor should it be relied upon, as a substitute for appropriate professional advice with respect to the applicability of laws and regulations in particular circumstances, nor is it intended to express any legal opinions or conclusions concerning any specific action, policy or procedure.

Amy B.R. Lancellotta  
Managing Director

#### **endnotes**

[1] The report can be found on IDC’s website at:  
[http://www.ici.org/pdf/idc\\_09\\_compliance.pdf](http://www.ici.org/pdf/idc_09_compliance.pdf). To obtain a hard copy of the report, please call the ICI Library at (202) 326-8304 and request the “IDC Task Force Report on Board Oversight of Fund Compliance.”

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