

ICI VIEWPOINTS

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IDC Paper Assists Boards in Oversight of ETFs

The [Independent Directors Council](#) (IDC) has issued a new paper, [Board Oversight of Exchange-Traded Funds](#) in order to assist directors of exchange-traded funds (ETFs) in performing their oversight responsibilities. The demand for ETFs has grown markedly as investors—both institutional and retail—increasingly turn to ETFs as investment options in their portfolios. With the increase in demand, sponsors have offered more ETFs with a greater variety of investment objectives. Our paper also may be useful for directors who do not currently oversee ETFs but wish to be more familiar with a board's oversight role, including those whose fund groups may currently invest in ETFs or intend to launch ETFs in the future.

As we point out, ETF directors—like all fund directors—have a fiduciary duty to the fund and serve to protect the interests of fund shareholders. An ETF director's responsibilities are substantially similar to those of mutual fund directors, although there are some differences and different areas of focus. For example, directors will want to understand the creation and redemption process for ETFs, the trading of ETF shares on the secondary market, and how well processes are working for the benefit of ETF investors.

More information: [ICI's Resources on Exchange-Traded Funds](#).