

## ICI VIEWPOINTS

January 21, 2021

# 2020 Annual Report to Members: A Conversation with IDC Managing Director Thomas Kim

*As Thomas Kim finished his first year as IDC's managing director, he sat down to discuss the organization's priorities. Below is an abridged version of his conversation. To read the full Q&A, please see ICI's [2020 Annual Report to Members](#).*

## **How did IDC adapt to the challenges posed by the COVID-19 crisis?**

Early in the crisis, IDC engaged in regular conversations with SEC staff to seek a broadening of relief from in-person board meeting requirements. We understand that they are considering ways in which relief could be made permanent. With the technology available today, it is important that rules be modernized to allow fund boards to interact in effective and flexible ways, and we look forward to ongoing conversations with the SEC on this issue.

IDC also kept the director community informed about current conditions during a period of market volatility, and we adapted our programs to a virtual environment. Members of the Governing Council and other fund directors provided real-time insights on the needs of the independent director community. Through frequent check-in calls with them and collaboration with ICI colleagues, IDC mobilized to deliver the strongest programming possible to independent directors during this time.

## **What are the top policy developments that IDC worked on this year?**

One of the most important developments has been fair valuation. We commended the SEC for developing its proposed rule. While the modernized framework contained many positive elements, [IDC also commented](#) on some prescriptive elements in the rule with recommendations for modifications.

The SEC adopted the fair valuation rule in December and recognized the complementary roles that fund boards and advisers play in the fair valuation process and the discretion they exercise. The final rule also was responsive to a number of IDC recommendations that addressed the prescriptive nature of the proposed rule.

Another important development IDC worked on this year was the SEC's re-proposed [rule on the use of derivatives in investment management](#). IDC submitted a supportive comment letter but recommended some modifications about how fund boards should oversee derivatives risk managers. The SEC's final rule released in October reflected a far better approach than the SEC's 2015 proposal and improved upon the re-proposal issued in November 2019. The final rule provided greater flexibility for fund boards to determine the

frequency and content of board reports and clarified the fund board's role in approving the designation of a derivatives risk manager.

Finally, and very relevant to the independent director community, was the temporary relief the SEC granted relating to in-person meeting requirements for fund boards.

### **How is IDC carrying out its mission to educate and offer peer-to-peer engagement for the independent director community during the COVID-19 crisis?**

To make sure that fund boards wouldn't miss a beat during the coronavirus crisis, we pivoted quickly to deliver our educational offerings on a virtual basis. That started with expanding our [webinars](#) and conference calls, both in frequency and content, to ensure we were informing and helping fund boards during a period of market volatility. In addition, we launched virtual roundtables in lieu of in-person chapter meetings. Similarly, we are offering our [Foundations for Fund Directors educational program](#) virtually.

We also hosted IDC's [first virtual fund directors conference](#) to take the place of the meeting that usually occurs in Chicago. We saw record attendance and are very pleased with the response from independent directors. While we look forward to returning to in-person conferences and meetings, we're ready to deliver top-notch programming virtually as long as that's necessary.

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