

## VIDEO

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# Focus on Funds: ICI and IDC Expand Proxy Voting Resources

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The January 30, 2015, edition of *Focus on Funds* details a new report from ICI and the Independent Directors Council that offers fund boards and advisers new information on proxy voting.

### Transcript

**Stephanie Ortballs-Tibbs, ICI Director, Media Relations:** Welcome to *Focus on Funds*, the Investment Company Institute's weekly roundup of industry news, ICI activities, and research findings.

Fund boards and advisers pay a great deal of attention to their proxy voting on major corporate decisions. And ICI has new insights and information to offer.

Matt, this issue of proxy voting is a priority for the SEC.

**Matt Thornton, ICI Counsel:** That's right. In June 2014, the SEC staff came out with a [legal bulletin](#) directed to investment advisers and proxy advisory firms. And the piece directed to investment advisers laid forth the SEC's expectations with respect to their oversight of proxy advisory firms. More recently, in January, SEC's OCIE [Office of Compliance, Inspections, and Examinations] announced its list of exam priorities for 2015 and included on the list was "proxy services." So, clearly, it's an area of focus for the staff.

**Ortbals-Tibbs:** So for fund boards and advisers, ICI has a number of resources and some new information out.

**Thornton:** That's right, ICI and IDC have done a number of papers on fund proxy voting over the years. Some have been more legal- and compliance-oriented, some more research- and data-driven. Our current report on proxy advisory firms is the first that's really looked at this particular issue. And we think it dovetails nicely with the SEC staff bulletin in this area. Where the bulletin lays forth some general principles and expectations, our paper provides some practical guidance to fund boards and advisers as they evaluate their practices in this area.

**Ortbals-Tibbs:** So, looking at this new paper that the Institute and our affiliate organization, the Independent Directors Council, put out, what are some highlights that fund advisers and boards can expect?

**Thornton:** It's broken into three parts: the first addresses generally proxy advisory services. The firms are offering these services, typically in bundles, and our members use the various services to varying degrees.

Second, we look at fund boards' oversight of proxy advisory firms. Typically boards delegate their proxy voting responsibilities to investment advisers, however, they do maintain oversight obligations. And so we explore what that may mean with respect to proxy advisory firms.

And finally, we look at fund advisers' due diligence and oversight of proxy advisory firms. As with any service provider, fund advisers recognize that there is an obligation to carefully vet the proxy advisory firms and maintain ongoing oversight.

Tying it back to the bulletin, the SEC staff made clear that they expected advisers to look at their programs prior to the 2015 proxy season, so we see our current paper as a useful tool as boards and advisers undergo that evaluation.

**Ortbals-Tibbs:** So, timely and important information in great detail on our website.

**Thornton:** Right.

**Ortbals-Tibbs:** That's this week in funds. See you next week.

## **Additional Resources**

- News Release: [As Proxy Season Approaches, ICI and IDC Release New Report Designed to Assist Funds](#)
- [Webinar on Use of Proxy Advisory Firms in the Fund Industry: Evaluating and Implementing SEC Staff Guidance](#)
- [ICI Resources on Fund Governance](#)