

VIDEO

January 31, 2020

Focus on Funds: ICI Leads Effort to Help Funds Modernize Interval Fund Operations

Focus on Funds

ICI Leads Effort to Help Funds Modernize Interval Fund Operations

Regulators and investors alike are taking a new look at interval funds, and ICI has responded by leading a new industry effort to modernize their distribution. In the January 31, 2020, edition of *Focus on Funds*, Jeff Naylor, ICI director of operations and distribution, discusses this effort.

Transcript

Stephanie Ortvals-Tibbs, ICI director of media relations: Interval funds are back in the spotlight. And Jeff Naylor, director of operations and distribution for ICI, can you tell us about the work that ICI is leading?

Jeff Naylor, ICI director of operations and distribution: Interval funds are being looked at by both funds and advisers that are looking for both product and portfolio differentiation. The SEC also raised the profile of interval funds during its final rulemaking for its liquidity risk management rules. They lifted up interval funds as an option as a way to offer additional liquidity. As a result, interval funds have grown significantly in terms of number of funds available and in assets under management.

What we kept hearing from our members and from stakeholders is that scalable operations models really don't exist for these products. And in response, we pulled together our task force. The task force's goal is to improve operating efficiency while at the same time reducing operational risk.

Ortvals-Tibbs: From the white paper that you all have created that's now maybe a little bit of a roadmap going forward, what are a couple of the key points that you see yourselves driving toward?

Naylor: One is we felt the need to do a broad education of all the various facets of interval funds operation. The paper also talks about all the various methods that organizations will

use to buy and sell interval fund shares. It's really kind of amazing that the operations around them more resemble their cousins—the open-end fund industry of 20 years ago—where paper and phone calls are the primary means for transacting business as opposed to electronically. And that's really important because the industry has shifted to a highly intermediated model for distributing fund shares. We want to be able to expand the distribution of interval fund shares, but we need to do so efficiently, and we need to do so in a lower-risk environment operationally.

Additional Resources

- [Interval Funds: Operational Challenges and the Industry's Way Forward](#)
- [ICI Viewpoints: Improving Operational Efficiency for Interval Funds](#)
- [Video: What Is an Interval Fund?](#)
- [Closed-End Funds Resource Center](#)

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.