

VIDEO

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Focus on Funds: Recent Insights on Current SEC Priorities

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In the June 19, 2015, edition of *Focus on Funds*, ICI General Counsel David Blass discusses the U.S. Securities and Exchange Commission's compliance and regulatory priorities.

Transcript

Stephanie Ortvals-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.

What does the SEC's chairman Mary Jo White have to say about the number of different regulatory initiatives facing the industry? Well, we got some insights from her at ICI's General Membership Meeting.

David Blass, ICI General Counsel: Basically, she said that we need to be ever-vigilant on cybersecurity, both at the government and in the industry. In fact, Chair White said that cybersecurity probably is the greatest systemic risk we face.

Ortvals-Tibbs: And there are many other issues she has going right now, many other irons in the fire. Thinking about that, what did you hear as some priorities in terms of rulemaking?

Blass: Well, she elaborated on her rulemaking agenda that she announced for asset management last December that includes enhanced portfolio reporting to the SEC, liquidity management program, review of derivatives, and asset managers' transition planning as high priorities for the SEC.

Ortvals-Tibbs: With that in mind though, there's still other work, of course, being done and issues of interest to funds, and that includes new insight we got from other SEC officials who attended the GMM.

Blass: We learned a little more about the examination program priorities. The examination unit at the SEC had announced a review of so-called never before examined investment companies and the SEC's staff that we engaged with seemed to be indicating some areas of

focus for those examinations. One thing that I learned was that they were looking to target about 25 to 30 fund complexes for those examinations, and some of their priority areas for the examinations are funds' use of leverage; valuation practices; compliance program generally, a review of that area; a review of proxy voting practices; and sales literature advertising in distribution practices.

Ortbals-Tibbs: I wonder if we might just turn to the fact that she did acknowledge that it's the 75th anniversary of the 1940 Act.

Blass: Yes, she basically agreed that the industry has been very successful. We certainly believe, and I think that she believes, that the SEC, and the role that the SEC has had in regulating our industry, has contributed tremendously to the growth of the industry. So, 75 years of the foundational documents of the modern fund industry being the Investment Company Act of 1940, the Investment Advisers Act of 1940, have provided for a really adaptable, flexible regulatory structure that's allowed the industry to grow.

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

Additional Resources

- [Video Highlights from the 2015 ICI General Membership Meeting](#), including a lively exchange between SEC Chair Mary Jo White and ICI President and CEO Paul Schott Stevens

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