

VIDEO

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Focus on Funds: Fund Board Directors Embrace Industry Change

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New technologies, SEC regulations, and a push for increased board diversity are a few of the important issues fund board directors are addressing as they oversee funds on behalf of shareholders. In the August 24, 2018, edition of *Focus on Funds*, Lisa Hamman, senior associate counsel for the Independent Directors Council, outlines the trends and how directors are responding.

Transcript

Stephanie Ortvals-Tibbs, ICI director of media relations: What are the major issues facing fund board directors today, and how are they responding? At ICI's recent General Membership Meeting, members of the Independent Directors Council—fund board directors from across the country—got together to talk about some of the key issues of the day including fintech, board governance, and the newest regulatory trends. Afterwards, IDC's Lisa Hamman offered some key takeaways.

Lisa Hamman, IDC senior associate counsel: What's fintech? Financial technology. These emerging technologies like artificial intelligence, blockchain, [and] robotics are top of mind for directors. They want to know how the advisers are implementing the emerging technologies and what benefit it will get for fund shareholders.

You know, at the end of the day, directors are there to look after the interests of fund shareholders. So, to the extent that the emerging technologies are going to benefit shareholders, directors want to know how they're going to be applied.

Ortvals-Tibbs: So that must have been a very interesting part of the discussion. I'm not surprised for you to also tell me that board governance was also quite high on their list.

Hamman: Yes. Directors often talk about governance issues, whether it's recruiting, succession planning, retirement policies, onboarding. Directors are always interested in hearing from others what they're doing in these areas, including adding diversity in the boardroom. That is a subject that's top of mind for all of them, and they want to know where other people are finding candidates and how they're approaching it.

Ortbals-Tibbs: So then, turning from some of those topics that they really wanted to discuss with each other and share notes, they also talked about the [Securities and Exchange Commission's] SEC's regulatory focus these days and where they need to be looking there.

Hamman: So, some of the subjects that were top of mind on that panel were the oversight of the liquidity risk management program. Directors have a number of things that they're looking at and talking to advisers about, including how the program is getting structured and who the program administrator will be. We're finding that there's a lot of variety in how fund complexes are approaching it.

Ortbals-Tibbs: So they were comparing notes on that, and this is really just part of what you always offer fund board directors, which is this chance to engage with each other, and this chance to pick up new education about how they can continue to do their jobs better [and] smarter.

Hamman: Yes, exactly. So we offer a lot of programming where directors can talk to one another and share ideas and practices. In fact, we're already starting to plan for our October conference, and that's in Chicago.

Additional Resources

- [IDC Conference Registration](#)
- [Independent Directors Council \(IDC\) website](#)
- [ICI President and CEO Paul Schott Stevens on Fund Governance](#) (speech)
- [Virginia Law & Business Review: Fund Governance: A Successful, Evolving Model](#)