

IDC UPDATE

April 15, 2021

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IDC Comments on Potential Options for Money Market Fund Reform

IDC submitted a [letter](#) to the [SEC](#) on a recent [report](#) from the President's Working Group on Financial Markets, which outlines various reform measures that policymakers could consider to improve the resilience of money market funds and broader short-term funding markets. [IDC's letter](#) (login required for memo) emphasizes that fund independent directors have an interest in ensuring that investors have the opportunity to invest in products that meet their financial needs. IDC also expresses support for reform efforts that strengthen money market funds against adverse market conditions, as long as their essential characteristics are preserved, and they can remain a viable option in the marketplace. At the same time, IDC urges caution against any reform proposals that would change their key characteristics. Reform efforts that proceed in a vacuum, without taking into account the underlying asset class, could result in unintended consequences, to the detriment of fund shareholders. [ICI](#) also submitted a [letter](#).

Senate Confirms Gary Gensler as the Next Chairman of the SEC

On April 14, the Senate confirmed Gary Gensler as the next chairman of the SEC. Gensler previously served as the chairman of the Commodity Futures Trading Commission. Most recently, Gensler was a professor at the MIT Sloan School of Management, where he taught classes on digital assets and blockchain technology. Gensler is expected to promote "innovation while ensuring competitive, efficient, and transparent markets for investors," as well as the development of a potential ESG disclosure regime. ICI congratulated Gensler in a [press release](#).

Register Now: IDC Virtual Workshop for Fund Directors

IDC's annual [Fund Directors Workshop](#) will be held virtually on Thursday, June 3, and will include informative sessions on topics that are important to the work and priorities of the fund director community. The workshop will feature SEC Commissioner Hester Peirce, and address topics such as environmental, social, and governance (ESG) issues and key business trends in the asset management industry. Director registrants of ICI's [General](#)

[Membership Meeting](#) can register for the workshop without additional cost. Please register [here](#).

Registration Open for IDC Webinar: The Future of the Workplace

IDC's next webinar, "[The Future of the Workplace](#)," will address trends in the future of the workplace and related investment management industry insights and observations. Cynthia Hostetler, independent director of the Invesco Funds, will moderate the informative discussion on April 23 with Jeff Schwartz, Deloitte's US Future of Work leader, and Yariv Itah, the global practice leader of Deloitte's Casey Quirk practice. Panelists will discuss trends in the future of the workplace and offer insights as to how they may affect the investment management industry and the way fund boards operate. [Register today!](#)

ICI Submits Letter on Cross Trading

On April 9, ICI submitted a response to the SEC staff's [December 2020 guidance](#) and March 2021 [request for feedback](#) on cross trading, as they relate to the SEC's new "fair value rule." ICI's [response](#) (login required) explains that the SEC's December 2020 cross trading guidance, as set forth in the adopting release for the fair value rule, "marked a sharp break from the Commission's regulatory approach to cross trading." To be eligible for cross trading under Rule 17a-7, a security must have a "readily available market quotation," but under the SEC's new definition of "readily available market quotation," funds' ability to cross trade fixed-income securities would be severely restricted. The letter cautions that regulatory action is necessary so that funds do not lose the benefits that cross trading has provided to their shareholders. ICI makes several policy recommendations to the SEC staff in support of a "modernized cross trading regulatory framework," including, among other things, requiring funds and advisers to adopt policies and procedures that take a risk-based approach to evaluating, pricing, and approving potential cross trades; and requiring funds to provide their boards with new annual reports that include summary information about cross trading activity for the year and any post-trade analysis that a fund may conduct, as well as an assessment of the adequacy and effectiveness of cross trading procedures.

Explainer Video Identifies ICI's Top Priorities for 2021

On April 6, ICI released an [explainer video](#) in which ICI President and CEO Eric J. Pan identified the Institute's top priorities for 2021. Pan reported that ICI plans to engage in policy discussions about the regulation of money market funds and open-end funds resulting from the market disruption due to the COVID-19 pandemic. ICI also is very focused on ESG matters, including the development of a single global framework for corporate ESG disclosure, and is committed to growing diversity and inclusion in the registered fund industry. In addition, Pan said ICI is considering the impact of new technology on the registered fund industry, as well as regulatory developments in the global arena.

Risk Alert on SEC Staff's Review of ESG Investing

The SEC's Division of Examinations recently issued a Risk Alert concerning its ongoing review of ESG investing. The Risk Alert identifies the most often cited deficiencies and weaknesses the staff observed. In recent exams, the staff noted that some investment advisers lack policies and procedures related to ESG investing; some ESG policies and

procedures did not appear to be reasonably designed to prevent violations of law or were not implemented; documentation of ESG-related investment decisions may not be clear; and some compliance programs did not appear to be reasonably designed to prevent inaccurate ESG-related disclosures and marketing materials. The Risk Alert also includes the staff's observations of effective practices and their plans for future examinations related to ESG. ICI's memorandum summarizing the Risk Alert is available [here](#) (login required).

Mark Your Calendar for Upcoming Events

*All times are shown in **eastern time (ET)**.*

IDC Speaker Series

- Abby Joseph Cohen: A Conversation About the State of the Global Markets: May 19, 2:00 p.m. Open only to independent directors of ICI member funds.

Webinars

- [The Future of the Workplace: April 23, 1:00 p.m.](#)
- [Digital Assets: What Fund Directors Need to Know from a Regulatory and Operational Perspective: June 22, 2:00 p.m.](#)

Conferences

- [IDC Virtual Fund Directors Workshop: June 3](#)
- [ICI Virtual General Membership Meeting: May 6 and May 13](#)
- [ICI Operations and Technology Conference: May 20](#)

Foundations for Fund Directors®

- [June 24-25 \(Virtual\)](#) (Updated Date)
- September 13-14

Industry Segment Calls

- [Audit Committee Chairs: April 21, 2:00 p.m.](#)
- Directors of ETFs: June 8, 3:00 p.m.
- Board Leaders: June 9, 2:00 p.m.
- Audit Committee Chairs: June 14, 2:00 p.m.
- Directors of Small Funds: June 29, 1:00 p.m.
- Governance Committee Chairs: June 30, 2:00 p.m.

Virtual Roundtables for Fund Directors

- [New Jersey and Pennsylvania: April 15, 2:00 p.m.](#)
- [Florida: April 20, 2:00 p.m.](#)
- [Alabama, Georgia, North Carolina, and South Carolina: April 22, 2:00 p.m.](#)
- [Arkansas, Louisiana, Mississippi, Oklahoma, Tennessee, and Texas: April 27, 2:00 p.m.](#)
- [Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota: April 29, 2:00 p.m.](#)

If you cannot participate in the virtual roundtable in your region, please feel free to register for one in another region.

Please contact [Paul Mussoni](#) for additional information. A list of IDC events can be found on [IDC's website](#).

For more information about IDC, please contact idc@ici.org. If you are experiencing technical problems, please contact the . To opt out of receiving IDC Update, please contact [ICI Member Services](#).

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