

## IDC UPDATE

May 2, 2021

# IDC Update: March 4, 2021

## New ICI and IDC Survey Results Provide Benchmark for Improving Diversity and Inclusion in Asset Management Industry

ICI and IDC released the first [publicly available results](#) from their industrywide surveys on representation of women and minorities at all levels of asset management. The results of the IDC/ICI *Directors Practices Study* point toward the goal of greater representation of women and minorities in the boardroom, while indicating that recent trends are positive. The *Directors Practices Study* involved 181 fund complexes reporting data on 235 fund boards, representing \$23.4 trillion of assets under management. The data are as of December 31, 2019.

## Senate Committee Holds Confirmation Hearing for SEC Chairman Nominee Gary Gensler

On March 2, the Senate Committee on Banking, Housing, and Urban Affairs held a confirmation hearing for Gary Gensler, President Joseph R. Biden's nominee for chairman of the Securities and Exchange Commission (SEC). In both his statement to the committee and his testimony, Gensler discussed the intersection of technology and finance, as well as related issues such as digital assets and blockchain. During his testimony, Gensler addressed questions related to market volatility, including payment for order flow and other market structure issues. Gensler also stated that the Commission will consider disclosure requirements regarding items such as climate risk, political spending, and workplace diversity.

## SEC Division of Examinations Releases 2021 Exam Priorities

The SEC's Division of Examinations recently [announced](#) its 2021 [examination priorities](#). Priorities for registered funds include fund compliance programs and governance practices, with a focus on, among other things, disclosure and valuation. The Division also plans to prioritize examinations of mutual funds or exchange-traded funds (ETFs) that have not previously been examined or have not been examined in a number of years. Examination topics will include compliance with exemptive relief for newly created non-transparent actively managed ETFs. The Division plans to focus on mutual funds' liquidity risk

management programs to determine whether they are reasonably designed to assess and manage the funds' liquidity risk. The implementation of required liquidity classifications also will be reviewed in light of recent market stresses. Further, given the importance of money market funds to investors, the Division intends to review money market funds' compliance with stress-testing requirements, website disclosures, and board oversight.

## ESG Update: Statement by SEC Acting Chair Lee and IOSCO Announcement

On February 24, SEC Acting Chair Allison Herren Lee issued a [public statement](#) directing the Division of Corporation Finance to enhance its focus on climate-related disclosure in public company filings. Earlier, the SEC had issued an [interpretive release](#) providing guidance to public companies on existing disclosure requirements related to climate change. Also, on February 24, the [International Organization of Securities Commissions \(IOSCO\)](#) [announced](#) that it is engaging with the International Financial Reporting Standards (IFRS) Foundation to establish a Sustainability Standards Board. Read ICI's summary of Acting Chair Lee's statement and IOSCO's announcement [HERE](#) (login required).

## FAQ on Compliance Dates for Auditing Guidance

SEC staff in the Division of Investment Management recently released an [FAQ](#) relating to the adoption of the new [fair value rule](#). The SEC previously stated that it would withdraw certain guidance, including ASR 118, 18 months following the effective date of the new fair value rule. ASR 118 includes guidance directed to auditors on appropriate methods for auditing the valuation of fund securities. That guidance is being rescinded, enabling auditors to rely on audit standards prescribed by the Public Company Accounting Oversight Board (PCAOB). The FAQ indicates that the staff would not object if an auditor chooses to stop looking to the auditing guidance contained in ASR 118 and instead determines the appropriate audit approach by following only the relevant PCAOB auditing standards any time after March 8, 2021, the effective date of the release withdrawing the prior auditing guidance. This would include fiscal periods ending on or after March 31, 2021.

### Mark Your Calendar for Upcoming Events

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

#### Conferences

- [ICI Virtual Mutual Funds and Investment Management Conference: March 15, March 17, and March 19](#)
- [ICI Virtual General Membership Meeting: May 6 and May 13](#)
- [ICI Operations and Technology Conference: May 20](#)
- IDC Virtual Fund Directors Workshop: June 3

#### Foundations for Fund Directors®

- Virtual Session: June 24-25
- Washington, DC: September 13-14

#### Virtual Roundtables

- [Southern California, Nevada, Alaska, and Hawaii: March 9, 2:00 p.m.](#)

- [Northern California, Oregon, and Washington: March 23, 2:00 p.m.](#)
- [Ohio, Michigan, Indiana, West Virginia, and Kentucky: March 25, 12:00 p.m.](#)
- [Colorado, Arizona, New Mexico, Utah, Wyoming, Idaho, and Montana: April 6, 3:00 p.m.](#)
- [New York: April 8, 2:00 p.m.](#)
- [Maryland, Virginia, Delaware, and DC: April 13, 2:00 p.m.](#)
- [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 a virtual roundtable for 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](#).

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