

## IDC UPDATE

October 13, 2021

# IDC Update: December 17, 2021

## Happy Holidays from IDC!

The IDC team wishes you a healthy and joyous holiday season! We hope to see each of you in person in 2021. In the meantime, *IDC Update* will resume in January.

## SEC Adopts Fair Valuation Rule

On December 3, the Securities and Exchange Commission (SEC) adopted [new Rule 2a-5](#) under the Investment Company Act, which [addresses the fair valuation responsibilities](#) (login required for memo) of funds and their boards and advisers. The rule permits the fund's board to designate the fair value determination relating to any or all fund investments to a "valuation designee." Either the board (if it does not make such a designation) or the valuation designee must carry out the functions specified in the rule.

To help directors better understand the rule, IDC is hosting a [webinar tomorrow—Friday, December 18](#) from 2:00 to 3:00 p.m. (ET)—that will provide an overview of the rule and address its impact on boards. Please [register](#) today.

## New Director Orientation Session to Be Held in March

IDC will host its next [Foundations for Fund Directors®](#) orientation program virtually on March 1 and 2, 2021. This popular program is designed for directors with up to five years of experience, but it also enables more-experienced directors to refresh their core skills. Please look out for the registration promo in the coming weeks, as space is limited. If you have any questions, please contact IDC's Conferences team at [conferences@ici.org](mailto:conferences@ici.org).

## DOL Finalizes Rule on Fiduciary Duties Regarding Proxy Voting and Shareholder Rights

The Department of Labor (DOL) released its [final rule](#) under the Employee Retirement Income Security Act of 1974 (ERISA) to amend its "Investment Duties" regulation to address the application of ERISA's fiduciary duties of prudence and loyalty to the exercise of shareholder rights, including proxy voting, proxy voting policies and guidelines, and the selection and monitoring of proxy advisory firms. The final rule adopts the proposal with a number of significant modifications in response to public comments DOL received, including the adoption of a more principles-based and, in certain respects, safe harbor-based

approaches. A summary of the final rule is available [here](#) (login required for memo).

## **FSOC 2020 Annual Report to Congress: Recommendations of Interest to the Regulated Fund Industry**

On December 3, the US Financial Stability Oversight Council (FSOC) [issued](#) (login required for memo) its [2020 Annual Report](#) to Congress. The report addresses significant financial market and regulatory developments, provides an assessment of those developments on the stability of the financial system, and identifies potential emerging threats to US financial stability. The report also makes recommendations to enhance the integrity, efficiency, competitiveness, and stability of US financial markets; to promote market discipline; and to maintain investor confidence.

## **Reminder: SEC Exemptive Relief for In-Person Meeting Requirement Continues Until Further Notice**

In response to recent inquiries from members, we wanted to remind the fund director community that the SEC's COVID-19 exemptive relief from the in-person meeting requirement continues to remain in effect until the SEC provides further notice. Specifically, the [SEC's order](#) continues to be effective until a "date to be specified in a public notice from Commission staff stating that the relief will terminate, which date will be at least two weeks from the date of the notice and no earlier than December 31, 2020." IDC will keep you informed about developments in this area.

## **Mark Your Calendar for Upcoming Events**

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

### **Webinars**

- [Overview of the Fair Valuation Final Rule: Friday, December 18, 2:00–3:00 p.m.](#)
- Fund Industry Trends: Research Perspectives: Thursday, February 4, 2:00–3:00 p.m.

### **Industry Segment Calls**

- [Directors of ETFs: January 21, 3:30–4:30 p.m.](#) (updated time)
- [Board Leaders: January 27, 2:00–3:00 p.m.](#)
- [Audit Committee Chairs: January 28, 2:00–3:00 p.m.](#)
- [Governance Committee Chairs: February 3, 2:00–3:00 p.m.](#)

### **Foundations for Fund Directors**

- [Virtual Program: March 1–2](#)

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

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