

IDC UPDATE

December 2, 2021

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SEC Adopts Final Rules on Universal Proxy Requirements

The Securities and Exchange Commission (SEC) recently adopted [amendments](#) to its proxy rules that will require the use of a “universal proxy card” containing the names of all registrant and dissident nominees in contested director elections. The accompanying [press release](#) observes that “[t]he rule changes will give shareholders the ability to vote by proxy for their preferred combination of board candidates, similar to voting in person.” Importantly, these universal proxy rules will not apply to solicitations involving registered investment companies and business development companies.

In addition, the SEC amended its proxy rules to establish certain related minimum solicitation, notice and filing, and formatting and presentation requirements. The SEC also adopted new disclosure requirements for all director elections, including those involving funds, related to voting standards and certain shareholder voting options. The rules will apply to all applicable shareholder meetings involving director elections held after August 31, 2022. ICI’s memorandum summarizing the final rules may be accessed [here](#) (login required).

Register Today for IDC’s Webinar on BDC Fundamentals: Board Oversight of Business Development Companies

There is still time to register for IDC’s **December 6** [webinar](#) on business development company (BDC) fundamentals. Industry experts Susan McGee (independent director, Goldman Sachs BDC), Thomas Friedman (partner, Dechert), and Dave Trerice (Partner, PwC) will provide an overview of the regulatory framework and formation of BDCs. They also will offer helpful insights on the fundamentals of being a BDC director that will be of interest to those from all backgrounds, including both investment management and private credit. Register [here](#).

SEC Proposes Changes to Its 2020 Proxy Advice

Amendments

The SEC [recently voted](#) 3-2 to propose amendments to certain rules governing proxy voting advice that were adopted in 2020. In the [rule proposal](#), the SEC observed that, since those rules were adopted, “institutional investors and other clients of [proxy voting advice businesses (PVABs)] have continued to express strong concerns about the rules’ impact on their ability to receive independent proxy voting advice in a timely manner. Furthermore, PVABs have continued to develop industrywide best practices and improve their own business practices to address the concerns that were the impetus for the 2020 Final Rules.”

The related [SEC Fact Sheet](#) observes that the proposed amendments would rescind provisions in the 2020 rules that would require PVABs to 1) make their advice available to the companies that are the subject of the advice at or before the time that they make the advice available to clients (e.g., funds and investment advisers); and 2) provide their clients with a mechanism by which they can reasonably be expected to become aware of any written statements regarding the advice by companies. Among other things, the proposed amendments also would remove a note that identifies situations where the failure to disclose certain information in proxy voting advice may be considered “misleading.” ICI’s memorandum summarizing the proposed rules is available [here](#) (login required).

SEC Proposes Rule on Reporting of Securities Loans

The SEC [recently published](#) proposed Rule 10c-1 under the Securities Exchange Act of 1934 to increase transparency and efficiency in the securities lending market. The [proposed rule](#) is a mandated rulemaking under the Dodd-Frank Act, which requires the SEC to “promulgate rules designed to increase the transparency of information available to brokers, dealers, and investors” with respect to the loan or borrowing of securities. The related [SEC Fact Sheet](#) explains that the proposed rule would require lenders of securities to provide the material terms of securities lending transactions to a registered national securities association, such as the Financial Industry Regulatory Authority. The registered national securities association would then make the material terms of the securities lending transaction available to the public. You may access ICI’s memorandum summarizing the proposed rule [here](#) (login required).

President Biden Nominates Jerome Powell to Serve Second Term as Chair of the Board of Governors of the Federal Reserve System

On November 22, President Joe Biden [announced](#) his intent to nominate Jerome Powell for a second four-year term as chair of the Board of Governors of the Federal Reserve System. Powell had assumed that role in February 2018, for an initial four-year term ending in February 2022. Powell’s term as a member of the Board of Governors will expire January 31, 2028.

Mark Your Calendar for Upcoming Events

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

Webinars

- [BDC Fundamentals: Board Oversight of Business Development Companies: December 6, 3:00 p.m.](#)
- Fund Board Perspective: Implementation of the Valuation Rule: February 24, 3:00 p.m.
- Litigation and Enforcement Update: What Fund Directors Need to Know: May 3, 3:00 p.m.

Foundations for Fund Directors®

- March 1-2 (Virtual)

Conferences

- Investment Management Conference: March 27-30, Palm Desert, California
- ICI General Membership Meeting, including the IDC Fund Directors Workshop: May 25-26, Washington, DC

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 webmaster@ici.org. To opt out of receiving *IDC Update*, please contact memberservices@ici.org.

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