

IDC UPDATE

January 4, 2022

IDC Update: December 16, 2021

Happy Holidays from IDC

IDC wishes you happy holidays and a joyous, healthy New Year. This is our last issue of *IDC Update* in 2021. *IDC Update* will resume in January. We hope to see you in person in 2022!

IDC News

In-Person Regional Chapter Meetings to Resume in January

On January 11, IDC will resume its popular in-person regional chapter meetings, with the first meeting to take place in Naples, Florida. IDC chapter meetings facilitate discussion among fund directors about issues that affect the fund industry and the role of directors. At the Naples meeting, attendees will have the opportunity to engage in peer-to-peer exchange, as well as hear from ICI Chief Industry Operations Officer Marty Burns, who will facilitate an interactive conversation about current topics in FinTech, including digital assets, and fund operations. Please register for the Naples in-person chapter meeting [here](#).

Register Now for Upcoming IDC Webinars

IDC will host two webinars in February. The first webinar, *Proxy Voting: Fund Board Oversight and Recent Developments*, will take place on February 7 and feature Sheryl Pressler (independent director, Voya Funds), Derek Steingarten, (partner, K&L Gates), Jill Forte (senior counsel, Thrivent), and Sarah Bessin (associate general counsel, ICI). Please register [here](#).

The second webinar, *Fund Board Perspective: Implementation of the Valuation Rule*, will take place on February 24 and feature Garry Moody (independent director, AB Funds), Rajan Chari (partner, Deloitte), JoAnn Strasser (partner, Thompson Hine), and Matt Thornton (associate general counsel, ICI). Please register [here](#).

IDC Hosts Webinar on Board Oversight of Business Development Companies

On December 6, IDC hosted the first of its new series of webinars on business development

companies (BDCs). Industry experts Susan McGee (independent director, Goldman Sachs BDC), Thomas Friedman (partner, Dechert), and David Trerice (partner, PwC) participated in an engaging discussion on board oversight of BDCs. The panelists provided an overview of the regulatory framework and formation of BDCs, and offered helpful insights on the fundamentals of serving as a BDC director. A recording is available [here](#) (login required). Look out for future webinars in the series.

SEC News

SEC Publishes Rulemaking Agenda

The Securities and Exchange Commission (SEC) recently published its [rulemaking agenda](#), providing insight into regulatory initiatives on which action is expected over the next 12 months. Upcoming items under consideration for the Division of Investment Management include proposed requirements (by April 2022) for investment companies and investment advisers related to environmental, social, and governance (ESG) factors, and the adoption (by October 2022) of a new streamlined shareholder report and improvements to modernize certain aspects of fund disclosure. Notably and unlike the previous regulatory agenda, the list of priorities no longer includes consideration of amendments to Rule 17a-7, which addresses the exemption of certain purchase or sale transactions between an investment company and certain affiliated persons, commonly known as cross trades. Read more about the rulemaking agenda [here](#) (login required).

SEC Proposes Money Market Fund Reforms

The SEC voted 3-2 to [propose reforms](#) intended to improve the resilience and transparency of money market funds. The proposed reforms would increase minimum liquidity requirements; remove the ability of money market fund boards to impose liquidity fees and redemption gates when the funds fall below certain liquidity thresholds, intended to eliminate an incentive for preemptive redemptions; require certain money market funds to implement swing pricing; and enhance certain reporting requirements, both to a fund's board and to the SEC. Comments on the proposal are due 60 days after its publication in the Federal Register. You can read ICI's statement [here](#).

ICI News

ICI President and CEO Pan Testifies Before the House Financial Services Diversity and Inclusion Subcommittee

On December 9, ICI CEO Eric J. Pan [testified](#) before the US House of Representatives Committee on Financial Services' Subcommittee on Diversity and Inclusion. He discussed three core themes about the industry's work on diversity and inclusion: disclosure, measurement and benchmarking, and meaningful progress toward representation. Among other things, Pan's testimony addressed diversity on fund boards, including [IDC/ICI diversity data](#) and IDC's [partnerships](#) with the Toigo Foundations and Diligent. Read more about the hearing and the House subcommittee report [here](#) (login required).

ICI Releases Report on Fund Valuation

[Fund Valuation Under the SEC's New Fair Value Rule](#), ICI's newly published report, is intended to help funds, advisers, and boards as they implement the new rules. The rules—with which funds must comply by September 8, 2022—represent the most significant regulatory development affecting funds' fair value practices in 50 years. The report describes the range of funds' portfolio investments and how they are valued, the key parties that contribute to fund valuation, and the core requirements of Rule 2a-5 and how they compare to current industry practices. The appendix to the report summarizes the legal requirements and accounting standards that govern and shape fund valuation.

ICI Files Comment Letter with SEC on Proposal to Enhance Reporting of Proxy Voting Information

ICI filed a [comment letter](#) this week with the SEC on its proposed amendments to enhance reporting of proxy voting information by registered funds and managers on Form N-PX. The letter explains that ICI supports the SEC's goals to modernize Form N-PX and make information reported on the form more usable. The letter also raises concern that several elements of the proposal would not accomplish the SEC's goals and would raise significant operational challenges for reporting persons. In particular, the letter urges the commission to more closely analyze the costs and burdens of the proposed amendments for smaller funds and managers and to address several proxy voting reform matters that remain critical for funds, including reform of the processing fee framework, reform of the OBO/NOBO system, and end-to-end vote confirmation.

ICI, SIFMA, and DTCC Lay Out Path to Shorten US Securities Settlement Cycle to T+1

ICI, the Securities Industry and Financial Markets Association (SIFMA), and the Depository Trust & Clearing Corporation (DTCC) recently published a [report](#) targeting the first half of 2024 to shorten the US securities settlement cycle from trade date plus 2 days (T+2) to trade date plus one day (T+1). ICI President and CEO Eric J. Pan [explained](#) that “[s]hifting to T+1 will strengthen the financial system and offers tangible benefits to investors by reducing their risk exposure and enabling them to more quickly leverage investment opportunities.” According to the report, implementing T+1 in the first half of 2024 will leave enough time for firms to assess the changes they need to undertake, the industry to conduct testing, and regulators to make any necessary rule changes.

Mark Your Calendar for Upcoming Events

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

Webinars

- [Proxy Voting: Fund Board Oversight and Recent Developments: February 7, 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.

Chapter Meeting

- [Florida Directors Chapter: January 11, 10:00 a.m., Naples, Florida](#)

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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