

IDC UPDATE

February 17, 2022

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Register Today for IDC Valuation Rule Webinar

There is still time to register for IDC's February 24 webinar, **Fund Board Perspective: Implementation of the Valuation Rule**. The webinar will provide practical guidance and insight into questions fund directors may consider asking as funds work to implement the new fair value rule from the Securities and Exchange Commission (SEC). Panelists include 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](#).

Save the Date: May 12 IDC In-Person Chapter Meetings in Chicago, San Francisco, and Charlotte

IDC will host coordinated in-person chapter meetings for directors in Chicago, San Francisco, and Charlotte, all on Thursday, May 12, 2022. The meetings will take place simultaneously in each city and will facilitate informal and interactive discussion among fund directors about issues that affect the fund industry and the role of directors. These meetings, which will leverage technology to enable interactions among participants in other cities, are open to all directors of ICI member funds. Vaccination is required for attendees in all locations. Registration information will be available in the coming weeks.

SEC Proposes Cybersecurity Risk Management Rules and Amendments for Registered Investment Advisers and Funds

[Last week](#), the SEC [proposed rules](#) related to cybersecurity risk management for registered investment advisers and funds that [would require](#) them to adopt and implement written cybersecurity policies and procedures reasonably designed to address cybersecurity risk. The proposal also includes reporting and disclosure requirements.

The proposal would require fund boards to play a role, including approval of policies and procedures, and review of written reports. The proposal also discusses how a board can approach the cybersecurity risk of service providers, noting that the board may review service provider contracts and risk assessments, or summaries.

SEC Proposes Amendments to Beneficial Ownership Reporting

The SEC [recently](#) proposed [amendments](#) to its rules governing beneficial ownership reporting. Among other things, the proposed amendments [would](#) 1) speed up the filing deadlines for beneficial ownership reports; 2) expand the reporting to include some derivative securities; 3) clarify when two or more persons have formed a "group" subject to beneficial ownership reporting obligations; and 4) require that filings use machine-readable data language.

SEC Proposes to Shorten the Standard Settlement Cycle

The SEC [recently](#) proposed [rule changes](#) intended to [reduce risks](#) in the clearance and settlement of securities, including by shortening the standard settlement cycle for most broker-dealer transactions in securities from trade date plus two days (T+2) to trade date plus one day (T+1). The proposal also includes rules intended to shorten the process of confirming and affirming the information necessary to prepare a transaction for settlement. In addition, the proposal requests comments on challenges associated with and potential paths to achieving a same-day settlement cycle. In response to the proposal, ICI President and CEO Eric J. Pan [stated](#), “Moving to T+1 will mitigate investors’ risk exposure during market volatility and make our financial system more resilient.”

DOL Requests Public Comment on Protecting Retirement Savings from Climate-Related Financial Risks

The Department of Labor (DOL) has [released](#) a [request for information](#) to identify ways it can protect retirement savings from financial risks related to climate change. The request for information relates to a May 2021 [executive order](#) issued by President Joe Biden. In the information request, the DOL asks whether it should collect information “about whether and how plan investment policy statements specifically address climate-related financial risk” and “whether and how plans have factored climate-related financial risk into their analysis of individual investments or investment courses of action.” In addition, the DOL queries whether it should coordinate with the SEC regarding efforts to inform and protect investors against “potentially misleading statements about fund adherence to policies that address climate-related financial risk.”

SEC Proposes to Enhance Private Fund Investor Protection

The SEC has [proposed](#) new [rules and amendments](#) under the Investment Advisers Act of 1940 (Advisers Act) to enhance the regulation of private fund advisers. The proposed rules [would require](#) registered private fund advisers to prepare quarterly statements detailing certain information regarding fund fees, expenses, and performance. The proposed changes also would create new books and records requirements for private fund advisers. In addition, private fund advisers would be prohibited from providing certain types of preferential treatment to investors in their funds. The proposals also would prohibit all private fund advisers, including those that are not registered with the SEC, from engaging in some activities and practices that are “contrary to the public interest and the protection of investors.”

In addition, the SEC proposes to amend the Advisers Act compliance rule so that all registered advisers, including those that do not advise private funds, would be required to document the annual review of their compliance policies and procedures in writing.

Mark Your Calendar for Upcoming Events

*All times are shown in **eastern time (ET)**, unless otherwise noted.*

Webinars

- [Fund Board Perspective: Implementation of the Valuation Rule: February 24, 3:00 p.m.](#)
- [BDC Board Oversight: A Deep Dive into Valuation: March 18, 12 Noon](#)
- Litigation and Enforcement Update: What Fund Directors Need to Know: May 3, 3:00 p.m.

Industry Segment Calls

- [Directors of ETFs: March 3, 1:00 p.m.](#)
- [Audit Committee Chairs: March 8, 2:00 p.m.](#)
- [Directors at Small Fund Complexes: March 9, 2:00 p.m.](#)
- [Governance Committee Chairs: March 10, 2:00 p.m.](#)

Chapter Meetings

- [Palm Desert: March 30, 10:45 a.m. \(PT\)](#)
- Charlotte: May 12, 1:00 p.m.
- Chicago: May 12, 12 Noon (CT)
- San Francisco: May 12, 10:00 a.m. (PT)

Foundations for Fund Directors®

- March 1–2 (Virtual)
- June 13–14 (Washington, DC)

Conferences

- [Investment Management Conference: March 27–30, Palm Desert, California](#)
- [ICI Leadership Summit](#), including IDC's 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](#).