

IDC UPDATE

March 3, 2022

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ICI Board of Governors Approves Strategic Review Recommendations

On February 28, Eric J. Pan, ICI's CEO and president, sent a letter to fund independent directors regarding important decisions made by ICI's Board of Governors after a Strategic Review conducted since last summer. Pan's letter describes the Strategic Review process, the seven decision points approved by the ICI Board, and key implementation steps. Under the Strategic Review, ICI will maintain a foundational focus on the 1940 Act and registered funds. Pan's letter confirms ICI's ongoing commitment to IDC and the independent director community.

IDC has arranged for several opportunities for independent directors of ICI member funds to ask questions and engage in dialogue with Pan about the Strategic Review. Please [register here](#) to attend one of these upcoming Zoom Q&A sessions.

William Birdthistle Gives First Public Address as Director of SEC's Division of Investment Management

On March 3, William Birdthistle gave his first [public address](#) as the new Director of the Division of Investment Management of the Securities and Exchange Commission (SEC). During his speech, Birdthistle highlighted the SEC's rule proposals related to private fund advisers and cybersecurity. Birdthistle also noted that he is interested in thinking about ways "to bring order to the new frontier of crypto assets and the expanding use of digital technology." Birdthistle said his "ultimate goal" is "a cohesive society with an order in which innovation and investment can flourish."

US Imposes Strict Sanctions in Response to Russia's Invasion of Ukraine

In response to Russia's invasion of Ukraine, the United States has imposed strict sanctions against Russia and various Russian entities and individuals, including Vladimir Putin (president of the Russian Federation), Sergei Lavrov (minister of foreign affairs), and members of Russia's Security Council. The sanctions, which [target](#) "the core infrastructure of the Russian financial system, including...Russia's largest financial institutions," seek to "impose unprecedented diplomatic and economic costs on Russia and further isolate it from the global financial system and international community." ICI's memorandum summarizing the sanctions, as of February 25, is [available here](#) (login required).

IDC Holds Webinar on SEC's New Valuation Rule

On February 24, IDC hosted a webinar on the "Fund Board Perspective: Implementation of the Valuation Rule." Garry Moody (independent director, AB Funds) moderated a panel featuring Rajan Chari (partner, Deloitte), JoAnn Strasser (partner, Thompson Hine), and Matt

Thornton (associate general counsel, ICI). Panelists provided helpful guidance and insights into directors' core responsibilities under the new fair value rule from the Securities and Exchange Commission (SEC), as well as the new board reporting requirements. They also identified questions fund directors may consider asking as funds work to implement the rule. A recording of the webinar is [available here](#) (login required).

Register Now for IDC Webinar on BDC Board Oversight: A Deep Dive into Valuation

[Register today](#) for IDC's March 18 webinar, "**BDC Board Oversight: A Deep Dive into Valuation.**" This is the second in a series of webinars focusing on business development companies (BDCs). Cindy Fornelli (independent director, TriplePoint Venture Growth BDC) will moderate a lively conversation with Eric Purple (partner, Stradley Ronon) and Paul Balynsky (managing director, Valuation Research Corporation) that takes a deep dive into BDC valuation. The panelists will discuss what drives BDC valuation and how boards may fulfill their oversight role, the impact of the SEC's new fair value rule on BDCs, and more.

You can review the first webinar in the series on BDC fundamentals [here](#) (login required).

Save the Date: In-Person *Foundations for Fund Directors*® on June 13-14

IDC will host an in-person *Foundations for Fund Directors* program at IDC's offices in Washington, DC, on June 13-14. This program is designed for independent directors with up to five years' experience but serves as a useful refresher course for all directors, no matter your level of experience. Topics include the fundamentals of registered funds, directors' role as fiduciaries, and director responsibilities. Participation is limited to only independent directors of ICI member funds. Registration for the June program will open in early April.

Federal Judge Court Finds That Closed-End Fund Control Share Provision Violates 1940 Act

Recently, a US federal judge [ruled](#) that a control share provision contained in the amended bylaws of a closed-end fund violated the 1940 Act because it prevented shareholders who own more than 10% of the fund from voting their shares without approval from the other shareholders. Noting that the amended bylaws do not restrict the voting rights of stock owned by non-control shareholders in this way, US District Judge J. Paul Oetken of the Southern District of New York, concluded that this "asymmetry in voting rights runs afoul of Section 18(i)'s requirement of equal voting rights." For more information about control share provisions, please access IDC's webinar on "[Closed-End Funds: Board Oversight and Recent Developments.](#)"

Mark Your Calendar for Upcoming Events

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

Strategic Review Q&A with Eric Pan

- [Session 1: March 14, 3:00 p.m.](#)
- [Session 2: March 16, 3:00 p.m.](#)
- [Session 3: March 18, 3:00 p.m.](#)

Webinars

- [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

- [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®

- 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

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