

## IDC UPDATE

November 10, 2022

# IDC Update: October 27, 2022

## IDC Hosts Successful In-Person Fund Directors Conference

IDC's successful 2022 Fund Directors Conference was held earlier this week in Chicago, October 24-26. For the first time in three years, independent directors and other members of the fund industry gathered in person to hear from experts on a wide range of topics, such as the state of capital markets and the economy, insights on industry developments, and innovations in asset management. One highlight was a conversation with William Birdthistle, the Director of the Securities and Exchange Commission's Division of Investment Management, and IDC Managing Director Thomas Kim.

The conference also featured peer-to-peer discussion sessions addressing third-party service provider oversight, governance practices in a post-COVID world, and emerging and alternative products, as well as concurrent sessions focused on ESG investing, distribution trends impacting fund boards, and the implementation of the new valuation and derivatives rules. Attendees also had the opportunity to attend a special screening of a documentary on the life of Constance Baker Motley, followed by an interview with her son, independent director Joel Motley.

With great feedback and engagement from fund directors, we look forward to next year's Fund Directors Conference, which will take place Wednesday, October 11 through Friday, October 13, 2023.

## SEC Adopts Tailored Shareholder Reports

On [October 26](#), the SEC adopted [requirements](#) that mutual funds and ETFs provide streamlined shareholder reports highlighting certain key information, such as fund expenses, performance, and portfolio holdings. Consistent with [IDC's comment letter](#), certain information about board approvals of fund advisory contracts and aggregate board compensation must be included in the fund's Form N-CSR, rather than its shareholder reports.

Notably, the amendments preclude funds from satisfying shareholder report transmission requirements by making the reports and other materials available online and providing a notice of their online availability, as was recently permitted by Investment Company Act Rule 30e-3. Accordingly, funds will be required to mail paper copies of shareholder reports unless a shareholder opts into electronic delivery. [IDC](#) and [ICI](#) had both expressed strong concerns about this change.

## SEC Proposes New Adviser Oversight Requirements for Certain

## Service Providers

The SEC proposed a [new rule](#) that [would require](#) registered investment advisers to conduct due diligence (considering certain prescribed elements) before retaining service providers to provide certain “covered functions” necessary to provide investment advice. Such outsourced functions include providers that offer investment guidelines, portfolio management, models related to investment advice, indexes, or trading services or software. Advisers also would be required to periodically monitor service providers’ performance under the due diligence requirements of the proposed rule. Comments on the proposal are due 30 days after the date of publication in the federal register or December 27, 2022, whichever is later.

## Register Now for IDC Chapter Meeting in New York

Registration is now open for IDC’s Chapter meeting in New York on Wednesday, November 16, 10:00 a.m. to 2:00 p.m. (ET) at Baker McKenzie in New York City. The meeting provides directors an opportunity for peer-to-peer sharing. In addition, Jen Klass, Partner at Baker McKenzie, will discuss distribution trends in the asset management industry and the impact on funds and fund directors.

Directors attending the chapter meeting also may want to attend ICI’s [Spotlight on Closed-End Funds](#) event immediately after the chapter meeting and [ICI’S Closed-End Fund Conference](#) the following day, both in New York City. The pre-conference Spotlight on Closed-End Funds will explain what you want to know about closed-end funds—how they operate, how they might benefit investors, and some of their most pressing issues. Registration for the Spotlight event is complementary for independent directors of ICI member funds.

## IDC Industry Segment Calls for Directors of BDCs and Small Funds

IDC will be launching a new industry segment call for directors of Business Development Companies on November 10 at 3:00 p.m. ET. If you are interested in attending, please register. Registration is also open for IDC’s industry segment call for directors at small funds complexes on November 9. IDC’s industry segment calls are informal and director-driven discussion forums among independent fund directors. These calls, held over Zoom, offer directors an opportunity to exchange ideas and learn from peers across the industry.

## Mark Your Calendar for Upcoming Events

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

### Conference

- [ICI Closed-End Fund Conference and Spotlight on Closed-End Funds: November 16-17](#)

### Chapter Meeting

- New York, November 16, 10:00 a.m.

### Industry Segment Calls

- Directors at Small Fund Complexes, November 9, 2:00 p.m.
- Director of BDCs, November 10, 3:00 p.m.

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

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