

IDC UPDATE

March 28, 2023

IDC Update: March 16, 2023

Coming Soon: IDC Update with a New Look

IDC launched *IDC Update* in Fall 2020 to keep the director community informed about the work of IDC and developments impacting fund governance. In the coming weeks, IDC will be refreshing its bi-weekly newsletter and partnering with a new vendor to publish its newsletter. The updated newsletter will have a new look with increased functionality. Please be sure to add noreply@axioshq.com to your Safe Senders List and address book in Outlook to ensure there is no disruption in receiving this IDC resource.

IDC Publishes White Paper on Board Oversight of Derivatives

IDC is releasing its updated white paper on “Board Oversight of Derivatives,” [available here](#). IDC originally established a 2008 Task Force to prepare a report on board oversight of derivatives to support fund boards in fulfilling their responsibilities for overseeing derivatives investments. The new report updates the earlier paper and takes into account significant changes to the regulatory landscape, including the recent implementation of the Securities and Exchange Commission’s (SEC) Derivatives Rule.

Registration Now Open for IDC Webinar on Implementing the SEC’s Derivatives Rule—Practical Implications for Board Oversight

Join IDC on Monday, March 27 at 2:00 p.m. ET for an update on the implementation of the SEC rule applicable to registered funds’ use of derivatives. Susan Kerley (Independent Chair, Mainstay Funds and Independent Director, Western Asset Funds) will moderate an informative discussion with Philip Hinkle (Partner, Dechert), Amy Lee (Senior Managing Director, Guggenheim Investments), and Timothy Bekkers (Senior Vice President and Counsel, PIMCO) on Rule 18f-4 under the Investment Company Act, focusing on board responsibilities and fund reporting requirements. The panel will provide practical guidance for directors in their oversight role. You may [register here](#) for the webinar.

Register Now: IDC Fund Directors Workshop—May 24-25

Registration is now open for [IDC’s Fund Directors Workshop](#) from Wednesday, May 24 through Thursday, May 25 at the JW Marriott in Washington, DC, held in conjunction with [ICI’s Leadership Summit](#). Please join fund directors and industry executives for unique networking opportunities and timely, insightful programming on key subjects relevant to fund directors. Gary Gensler, Chair of the Securities and Exchange Commission, is scheduled to speak as part of the Leadership Summit program. Conference registration may be [accessed here](#).

Join IDC at ICI’s Investment Management Conference—March 19-22

Please join us at ICI’s [Investment Management Conference](#) in Palm Desert, California, from

Sunday, March 19 through Wednesday, March 22. On Monday, March 20, IDC's Managing Director Tom Kim will moderate a panel on "Fund Governance in an Era of Regulatory Deluge," including Patricia Louie (Independent Director, Oakmark Funds), Kathryn L. Quirk (Lead Independent Trustee, Harbor Funds), and Stephen J. Tate (Chief Legal Officer and General Counsel, Putnam Investments). You may register for the [conference here](#).

IDC will also host a breakfast for independent directors at the Investment Management Conference on Tuesday, March 21. If you are registered for the conference and would like to attend the breakfast, please RSVP as soon as possible to Paul Mussoni at paul.mussoni@ici.org.

Bi-Partisan Lawmakers Express Concerns Over Swing Pricing/Liquidity Risk Management Proposal

In a recent [letter](#) to SEC Chair Gensler, two members of the House of Representatives, Ann Wagner (Republican, Missouri), and Brad Sherman (Democrat, California), expressed concerns over the SEC's open-end fund liquidity risk management program and swing pricing [proposal](#), observing that the "proposal fails to identify a real problem that it claims to solve, and its implementation would disproportionately harm those saving for retirement." Wagner and Sherman also noted that the SEC's proposed "one-size-fits all approach is likely impossible to implement," while "hav[ing] the unintended effect of driving away individuals from mutual funds, which are widely regard[ed] as a transparent and closely regulated investment option."

SEC's Investor Advisory Committee Considers the Swing Pricing/Liquidity Risk Management Proposal

The SEC's [Investor Advisory Committee](#) advises the SEC on, among other things, initiatives to protect investor interests and promote investor confidence and the integrity of the securities marketplace. The [committee met](#) in early March to consider several topics, including the SEC's open-end fund liquidity risk management/swing pricing [rule proposal](#). During the meeting, speakers focused on identifying potential impacts from the implementation of a "hard close" on mutual fund orders, as well as the use of swing pricing in Europe and its potential implementation in the US markets.

ICI and Others Request Extension to Comment Period for SEC's Proposed Revisions to Custody Rule

ICI and other financial services trade associations recently [asked the SEC](#) for a 60-day extension to the comment period for the SEC's [rule proposal](#) on "Safeguarding Advisory Client Assets," which seeks to "broaden the application of the current investment adviser custody rule, expanding its coverage from funds and securities to all client assets, amend the definition of qualified custodian, and make several other important changes." In the letter, the associations explain that they "are concerned that the existing comment deadline will not provide [them] with sufficient time to perform the level of analysis that this proposal warrants," observing that the SEC "is not taking into account that the pace and complexity of its simultaneous rulemaking ultimately may harm, rather than benefit, investors."

Mark Your Calendar for Upcoming Events

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

Conferences

- [ICI Investment Management Conference, March 19-22 \(Palm Desert, CA\)](#)
- [IDC Fund Directors Workshop, May 24-25 \(Washington, DC\)](#)

Industry Segment Calls

- [Directors of ETFs, March 28, 2:00 p.m.](#)
- Audit Committee Chairs, May 5, 1:00 p.m.
- Directors of BDCs, June 8, 2:00 p.m.

Webinar

- [Implementing the SEC's Derivatives Rule: Practical Implications for Board Oversight, March 27, 2:00 p.m.](#)

Foundations for Fund Directors®

- [June 13-14 \(Washington, DC\)](#)

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

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