

IDC UPDATE

May 1, 2023

IDC Update: April 13, 2023

Register Now for IDC Fund Directors Workshop - May 23-25

Registration is now open for [IDC's Fund Directors Workshop](#) (**Tuesday, May 23** through **Thursday, May 25**) at the JW Marriott in Washington, DC, held in conjunction with [ICI's Leadership Summit](#). Join fund directors for unique networking opportunities, including breakfast with peer-to-peer discussions on board governance practices, and timely, insightful programming on key subjects relevant to fund directors such as mutual fund-to-ETF conversions and related oversight considerations. Conference registration may be accessed [here](#).

Registration Open: IDC Foundations for Fund Directors® Orientation Program for Newer Directors

IDC will host its next [orientation program](#) for newer fund directors in-person, **Tuesday, June 13** through **Wednesday, June 14** in Washington, DC. Please register [HERE](#). The *Foundations for Fund Directors®* program is designed for independent directors with up to five years of experience, but can also serve as a useful refresher course for any director, no matter the level of experience. The program addresses the structure of registered funds, directors' role as fiduciaries, and areas of responsibility, while incorporating case studies and peer-to-peer discussion. Participation is limited to independent directors of ICI member funds.

Register Today: IDC Boston Chapter Meeting

IDC will continue its Director Chapter Meetings on **Monday, May 15** in Boston. The meeting will take place from 10:00 a.m. to 2:00 p.m. (ET) at MFS Investment Management. Chapter meetings are open to independent and interested directors of ICI member funds. At these meetings, fund directors engage in informal discussions about issues that affect the fund industry and the role of directors. Register [HERE](#).

IDC Industry Segment Calls Resume on Friday, May 5

IDC will host its next call for Audit Committee Chairs on **Friday, May 5**, at 1:00 p.m. (ET). This call will be an informal and interactive discussion among participants, facilitated by Sue Côté, Independent Director and Audit Committee Chair of the SEI Funds. The call is open only to Audit Committee Chairs of ICI member funds. Register [HERE](#).

IDC will also host an industry segment call for directors of Business Development Companies (BDCs) on **Monday, June 12**. This call is open to directors of BDCs and others with an interest in learning more about BDC governance. Please stay tuned for more registration information.

ICI Finds that Average Equity and Bond Mutual Fund Expense Ratios Continue to Decline

Average expense ratios of equity and bond mutual funds continued to decline in 2022. In a recent report on "[Trends in the Expenses and Fees of Funds, 2022](#)," ICI found that the average expense ratio for equity mutual funds fell 3 basis points to 0.44 percent in 2022, and the average expense ratio for bond mutual funds fell 2 basis points to 0.37 percent. ICI attributes the decline in average equity and bond mutual fund expense ratios to the demand for no-load funds, as well as competition from other low-cost products, such as exchange-traded funds.

Treasury Secretary Yellen Comments on Money Market Funds and Open-End Funds

Treasury Secretary Janet Yellen recently delivered a comprehensive [speech](#) on financial stability in which she discussed the risks to the banking system in the aftermath of the Silicon Valley bank failure. Yellen said it is important to consider whether "current supervisory and regulatory regimes are adequate for the risks that banks face." Yellen also addressed perceived risks posed by certain "nonbanks," including money market funds and open-end funds. Yellen asserted that "financial stability risks posed by money market and open-end funds have not been sufficiently addressed," noting that the Securities and Exchange Commission (SEC) proposed rules to "mitigate the vulnerabilities plaguing these funds."

In response to Yellen's speech, President and CEO Eric Pan [observed](#) that ICI's data analysis has shown that money market funds were not the cause of market instability in March 2020. Pan also said that, with respect to the impact of COVID on end-end funds, "ICI has shown clearly that outflows from bond mutual funds did not amplify stress in the Treasury and corporate bond markets."

ICI Comment Letters Address SEC's Rule Proposals on Market Structure

ICI recently submitted comments letters on several rules proposed by the SEC that would significantly impact the equity market structure. The SEC's proposed rulemaking addresses: 1) broker-dealer best execution obligations ([Regulation Best Execution](#)); 2) retail order flow ([Order Competition Rule](#)); 3) [minimum pricing increments \(tick size\), exchange access fees, and order transparency](#); and 4) [disclosure of order execution information](#). ICI's comment letter on the SEC's proposals on Regulation Best Execution and the Order Competition Rule is available [here](#) (login required). ICI's comment letter on the SEC's tick size, access fee reduction, and order fee reduction proposal is accessible [here](#) (login required).

ICI also issued a [statement](#) in conjunction with the submission of the comment letters.

Mark Your Calendar for Upcoming Events

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

Conferences

- May 23-25 (Washington, DC)

Industry Segment Calls

- [Audit Committee Chairs, May 5, 1:00 p.m.](#)

- Directors of BDCs, June 12, 2:00 p.m. (new date)

Chapter Meetings

- [Boston, May 15, 10:00 a.m.](#)

***Foundations for Fund Directors*®**

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

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

In Case You Missed Recent IDC Webinars or IDC Update Editions

Be sure to check out our recent webinars available on-demand:

- [Implementing the SEC's Derivatives Rule: Practical Implications for Board Oversight](#)
- [2023 Legislative Agenda: An Overview for Fund Directors](#)
- [Spotlight on the SEC's Swing Pricing and Hard Close Proposals](#)

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