

## IDC UPDATE

October 5, 2023

# IDC Update: September 14, 2023

## SEC to Vote on Names Rule Proposal Next Week

The Securities and Exchange Commission (SEC) [announced](#) that it will consider on **Wednesday, September 20**, whether to adopt amendments to the Names Rule that would significantly broaden the scope of the rule. Previously, the SEC [had proposed](#) to expand the universe of funds that are required to adopt a policy to invest at least 80% of their assets in the types of investments suggested by the fund's name. The proposal also would update the rule's shareholder notice requirements, and establish new recordkeeping and prospectus disclosure requirements. In its comment letter, IDC voiced serious concerns about certain aspects of the proposal because "the collateral consequences of the proposal may diminish the value of fund names without providing meaningful benefit to investors and shareholders." IDC's letter is available [here](#).

## Register Today: Webinar on Board Oversight of Fund Performance

Registration is open for IDC's upcoming webinar on [Board Oversight of Fund Performance](#) on **Tuesday, September 26 at 2:00 p.m. (ET)**. Mary Martinez (Independent Director, JP Morgan Funds and ETFs) will moderate a discussion with Peter Batchelar (CFA, CAIA, Senior Vice President, Product Management, Virtus Investment Partners) and Jeff Tjornehoj (Senior Director of Fund Insights, Broadridge Financial Solutions). Speakers will discuss topics such as benchmarks and peer groups, trailing and rolling returns, and other elements of fund performance oversight. Please register [HERE](#).

## Register Now for IDC Fund Directors Conference

The 2023 [IDC Fund Directors Conference](#) will be held on **Wednesday, October 11 through Friday, October 13**. Please join IDC in Chicago at the premier event for fund directors. From focused breakfast discussions to updates on governance trends and regulatory developments, the sessions are designed to offer practical takeaways and address issues that are top of mind for fund boards. Sessions will cover current topics of interest including business trends impacting the fund industry, artificial intelligence, board oversight of cybersecurity risk management, ETF product innovation, alternative investments, and more. As always, the conference will feature peer-to-peer discussion sessions, networking receptions, and other opportunities to connect with colleagues and meet new directors. Register [HERE](#) for the conference.

## Core Responsibilities of Fund Directors Offered Virtually on October 2

IDC Fund Directors Conference attendees are invited to register for the 2023 Core Responsibilities of Fund Directors program, held **virtually** on **October 2**. Traditionally part of IDC's Fund Directors Conference in Chicago, this popular program will take place during the week prior to the Conference. Core Responsibilities will feature expert panelists

reviewing the core responsibilities of fund directors and exploring practices for fulfilling them. It caters to directors (both independent and interested) of all levels of experience—newer directors will want to join to build their knowledge; veteran directors will want to participate for the refresher. To sign up for Core Responsibilities, please register for the Fund Directors Conference [HERE](#).

## **ICI and Other Trade Associations File Letter on SEC's Predictive Data Analytics Proposal**

On September 11, 2023, ICI and 13 other trade associations filed a [letter](#) with the SEC raising concerns regarding its [proposal](#) on conflicts of interest associated with the use of predictive data analytics by broker-dealers and investment advisers. The letter explains, among other things, how the proposed rule would harm competition in the markets and the investors the SEC seeks to protect, and also observes that the SEC lacks statutory authority to adopt the proposed rules. In addition, the letter explains that it would be challenging to comply with the proposal because of its broad scope. ICI's memorandum summarizing the proposal is available [HERE](#) (login required).

## **Lawmakers Send Letter to Chair Gensler Opposing Open-End Fund Swing Pricing/Hard Close Proposal**

More than three dozen members of the House of Representatives, including 11 Democrats on the House Financial Services Committee, sent a [letter](#) to SEC Chair Gary Gensler warning that mainstream investors would be harmed by the SEC's proposal on open-end fund swing pricing and liquidity risk management. The letter observes that a "diverse array of market participants has questioned the need for the proposal and expressed concerns with its potential to increase costs, reduce returns and limit choice for millions of investors." The letter also explains that the proposed hard-close requirement "would create a two-tiered market that would disadvantage retail and retirement investors." The lawmakers asked the SEC to withdraw the proposal.

## **SEC Risk Alert Gives Insight into Selection of Investment Advisers for Examination**

Recently, the SEC's Division of Examinations issued a [Risk Alert](#), titled "Investment Advisers: Assessing Risks, Scoping Examinations, and Requesting Documents," in which the SEC explains: (i) how the staff selects firms for examination; (ii) how the staff identifies examination focus areas; and (iii) "typical" information requests. As described in the Risk Alert, the SEC staff uses a risk-based approach to selecting advisers for examination considering "firm-specific risk factors..., such as those related to a particular adviser's business activities, conflicts of interest, and regulatory history." According to the SEC, the scope of the examination varies according to the firm's business model, associated risks, and the reason for the examination.

## **Mark Your Calendar for Upcoming Events**

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

### **Conference**

- [Core Responsibilities of Fund Directors, October 2 \(Virtual\) \(for conference attendees only\)](#)
- [Fund Directors Conference, October 11-13 \(Chicago\)](#)

### **Webinars**

- [Board Oversight of Fund Performance, September 26, 2:00 p.m.](#)

### ***Foundations for Fund Directors®***

- November 28-29 (Virtual)

### **Chapter Meetings**

- San Francisco, December 11

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:

- [New and Proposed SEC Fund Disclosure Requirements: What Boards Need to Know](#)

To access all of IDC's archived content, please click [here](#) (login required) for full access.

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