

IDC UPDATE

June 26, 2024

IDC Update: June 20, 2024

IDC and ICI Submit Joint PCAOB Comment Letter

IDC and ICI jointly [responded](#) to a [proposal](#) from the Public Company Accounting Oversight Board (PCAOB) that seeks to provide information, context, and perspective on auditors and audit engagements for investors, audit committees, and other stakeholders. The IDC/ICI letter supports the exclusion of virtually all funds from the proposal in recognition that the proposed metrics would be less likely to assist funds and their shareholders in investment and voting decisions. The letter also underscores the fundamental differences between audits of registered funds and those of publicly-traded operating companies.

US Court of Appeals Overturns SEC's Private Fund Adviser Rule

The US Court of Appeals for the Fifth Circuit recently [overturned](#) the Securities and Exchange Commission's (SEC) [rule](#) intended to "enhance the regulation of private fund advisers," finding that the SEC exceeded its statutory authority under the Investment Advisers Act when it adopted the rule. Among other things, the rule would have 1) prohibited private fund advisers from giving some investors preferential treatment over redemptions and special access to portfolio holdings; 2) restricted private fund advisers from charging private funds for fees and expenses associated with some regulatory matters; and 3) required private fund advisers to issue quarterly performance and fee reports. In a related [news release](#), ICI "echo[ed] the court's concerns that the SEC acted outside of its mandate."

Exchanges File Proposed Rule Changes with SEC to Exempt Registered Closed-End Funds from Requirement to Hold Annual Shareholder Meetings

The New York Stock Exchange LLC (NYSE) recently filed an [application](#) with the SEC proposing to amend the [NYSE Listed Company Manual](#) to exempt listed closed-end funds from the requirement to hold annual shareholder meetings. Shortly thereafter, the Cboe BZX Exchange filed an [application](#) to exempt listed closed-end funds from similar requirements in the [Cboe BZX Exchange Listing Rules](#). Generally, the applications observe that shareholders of exchange-listed closed-end funds "benefit from the protections.... that the 1940 Act mandates," and are the only form of registered investment company that is not exempt from the exchanges' annual meeting requirements. The SEC will approve or disapprove the proposed rule changes, or institute proceedings to determine whether they should be disapproved. Comments can be submitted on the applications to the SEC during its review process.

Registration Open for IDC Virtual Foundations for Fund Directors® Program

Registration is open for IDC's next Foundations for Fund Directors® [orientation program](#), which will be held *virtually* on **Wednesday, December 4** and **Thursday, December 5**. Foundations for Fund Directors®, designed for independent directors with up to five years of experience, serves as a valuable resource in getting directors up to speed on their important roles and responsibilities. The program also is a useful refresher course for all directors with various levels of experience. Hallmark features of the program include its case studies on directors' responsibilities and their role as fiduciaries. Participation is limited to fund directors of ICI member funds. Please register [HERE](#).

Mark Your Calendar for Upcoming Events

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

IDC Conferences

2024 Schedule

- Fund Directors Conference, October 21–23 (Chicago, IL)

2025 Schedule

- Fund Directors Workshop, April 30–May 2 (Washington, DC)
- Fund Directors Conference, October 27–29 (Scottsdale, AZ)

Foundations for Fund Directors®

- [December 4–5 \(Virtual\)](#)

Chapter Meetings

- Boston, September 12, 10:00 a.m.
- New York, September 18, 10:00 a.m.
- Philadelphia, September 24, 10:00 a.m.
- Northern California, December 12, 10:00 a.m. (PT)

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:

- [The Nuts and Bolts of AI: A Primer for Fund Directors](#)
- [Board Oversight of Operational Risk](#)

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