

INVESTMENT COMPANY INSTITUTE

2022

ACCOMPLISHMENTS

The Investment Company Institute (ICI) is the leading voice and strongest advocate for the funds industry and its shareholders as well as a supportive resource to our member firms. Our depth of expertise and relationships with decision-makers and influencers continue to make us a reliable and influential voice in Washington and beyond.

2022 presented several challenges to asset management, including one of the most aggressive regulatory agendas that the Securities and Exchange Commission (SEC) has ever produced, additional compliance requirements, and increasing political pressures in the United States and abroad. ICI was again at the forefront of these developments, showcasing the role of regulated funds in a vibrant economy, providing resources for members, and ensuring your views were represented in policy discussions.

Through everything, the reputation of our industry and the responsibility to shareholders remain our top priorities. This commitment was reflected in the latest version of ICI's mission statement, adopted this year: To strengthen the foundation of the asset management industry for the ultimate benefit of the long-term individual investor.

Here is a brief list of what ICI accomplished in 2022 on your behalf.

Supporting Our Members

ICI supports members by providing high-quality resources and services that help with day-to-day business. Many of our members rely on the experts at ICI and their years of work in this industry to help them with regulatory implementation and compliance, operational efficiency, and risk mitigation. Through our conference programs and member meetings, we bring industry experts and prominent regulators together providing a forum for highlighting industry concerns and potential solutions.

Regulatory Implementation and Compliance

ICI is working with other organizations to lead the industry-wide effort to move to T+1 Settlement, publishing the first iteration of an [Industry Playbook](#) for the move to T+1. ICI's Anti-Money Laundering Compliance Working Group continues to provide valuable input for use in comment letters in response to FinCEN proposals and requests for information. ICI is also [helping members prepare](#) for and address the implementation challenges associated with the SEC's new rules governing funds' use of derivatives and fund valuation of portfolio securities. We helped members navigate the valuation and liquidity challenges presented by US government's sanctions on Russia through regular calls and advocacy with regulators.

Operational Efficiency

ICI promoted the adaption of Mutual Fund Info Xchange (MFI) API's to communicate corporate actions in addition to ACATS transfers of mutual fund positions to reduce processing costs and errors. ICI also [published a guide](#) to provide alternatives to the use of Non-Public Personal information (NPPI), including how to identify, secure, reduce, or eliminate NPPI in support of operational and regulatory activities. Looking to the future, ICI [expanded](#) the Small Funds Sales & Marketing Subcommittee, which was established in 2021 to service the needs of small funds.

Risk Mitigation

Following a series of AWS outages, ICI worked to establish a relationship between ICI members and AWS to discuss dependencies within AWS' complex infrastructure and help AWS understand the impact of these outages. ICI updated its annual cybersecurity survey to get a better perspective on the industry's information security programs. ICI also [monitored intelligence information](#) for Russian threats to US and European critical infrastructure.

Support of Independent Directors

The Independent Directors Council (IDC), with the support of the broader ICI staff, continued to develop and launch wide-ranging educational and engagement programs for the independent director community. IDC hosted 15 industry segment meetings with fund directors and presented eight webinars on topics ranging from the implementation of the valuation rule to the role of fund boards in proxy voting. IDC also expanded its outreach to newer fund directors through the creation of an affinity segment group and continuation of the Foundations orientation program. In addition, IDC [launched a fund director candidate database](#) in partnership with Diligent to enhance diversity in the director community.

Advocating for Our Industry

The wide-ranging regulatory and legislative proposals on matters relating to our industry and shareholders continued in 2022. ICI was prepared to fight for the interests of our members with top-tier legal analysis, economic data, industry experience, and attention to detail. This expertise combined with the important relationships our team has developed with policymakers allow us to provide thoughtful input on key issues, resulting in positive outcomes.

Congress

ICI priorities were reflected in major legislation. *The Inflation Reduction Act* included an exemption for regulated investment companies from the stock buyback and corporate minimum tax provisions. Additionally, modification of retirement tax incentives important to the industry was not included in the *Build Back Better Act*.

Securities and Exchange Commission

The SEC provided temporary relief from onerous quoting requirements for fixed income securities and an additional three years of no-action relief for a targeted exemption for fixed income trading—both ICI priorities. With support from ICI, the exchanges withdrew their proposal for funding the operations of the Consolidated Audit Trail, which would have increased costs on broker-dealers and their clients. In July 2022, the SEC adopted changes to its 2020 proxy advice amendments. ICI supported the 2022 changes due to concerns that the 2020 amendments could negatively impact the timeliness and cost of proxy advice.

ICI also responded to 23 SEC proposals on topics that are critically important to the fund industry, including beneficial ownership reporting, cybersecurity risk management, ESG disclosures, fund names, and proxy-related matters. In each case, ICI worked closely with members to offer practical alternatives to onerous proposed requirements. ICI and several trade associations expressed our concern to SEC Chair Gary Gensler that the sheer volume of rulemaking items could result in significant shifts in industry operations and practices.

Department of Labor (DOL)

ICI successfully advocated for the DOL to further amend the prior administration's ESG/Proxy rule to better fit with mutual fund industry practices. With ICI support, DOL also postponed changes to Form 5500 that would have added burdensome new reporting requirements on plan investments.

State Matters

ICI brought an action against the State of California challenging its authority to increase filing fees for ICI members. This matter was settled in a manner that saves ICI members more than \$12 million every year in notice filing fees.

Courts

ICI petitioned the courts by filing or supporting amicus briefs on cases related to access to market data, closed-end funds, and 401(k) and 403(b) plan excessive fee claims.

Expanding Our Reach

ICI is bringing the perspective of funds, their shareholders, directors, and advisers to regulators and policymakers around the world with the [re-launch of ICI Global](#). Representing the investment fund industry's voice, ICI Global is advocating to shape key international policies and regulations on the global stage, including the Financial Stability Board, the International Organization of Securities Commissions, and the Organisation for Economic Co-operation and Development. ICI is [opening an office in Brussels](#), where the European Union (EU) crafts rules that directly impact the operations of global asset managers.

International Considerations

The new ICI Global was successful in helping the Council of the EU to remove a burdensome new “notification” requirement that was proposed by the European Commission. The Global team is now engaged with Council and Parliament staff to shape amendments to the legislation. ICI continues to engage in the development of the EU's sustainable finance regulatory framework.

In Asia, ICI [hosted a virtual conference](#) on sustainable investing in APAC, at which the CEO of the Hong Kong Monetary Authority, CEO of the Hong Kong Securities and Futures Commission, Japan Financial Services Agency Vice Minister for International Affairs, and Co-Chair of the G20 Sustainable Finance Working Group were speakers.

ICI also [served as a key resource](#) for members on understanding the impact of Russia's invasion of Ukraine and the resulting sanctions as they developed in real time. ICI held more than two dozen webinars and calls on this matter, which have been attended by more than 400 members, and distributed frequent updates to regulators on industry concerns.

