

IDC Comment Letter on Investment Company Names Rule Proposal

The Independent Directors Council appreciates the opportunity to comment on the Securities and Exchange Commission’s proposal to amend Rule 35d-1 under the Investment Company Act of 1940 (the “Names Rule”). The proposal seeks 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, among other things, update the rule’s shareholder notice requirements, establish new recordkeeping requirements, and create additional prospectus disclosure requirements.

IDC has a substantial interest in the Commission’s proposal. In broad terms, fund independent directors have a fiduciary duty to protect the interests of fund shareholders through independent oversight of the management and operations of the fund. Independent directors also have significant and specific responsibilities under the federal securities laws to safeguard shareholder interests, including as signatories to fund registration statements with general oversight over the process by which fund disclosure is prepared, as well as oversight of a fund’s compliance program pursuant to Rule 38a-1 under the Investment Company Act.

Read more in the [comment letter](#).
