



March 05, 2020

## Citing Coronavirus Threat, SEC Staff Expands In-Person Voting Relief for Investment Company Boards

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The staff of the Securities and Exchange Commission's (SEC) Division of Investment Management has expanded relief for registered investment company boards from the in-person voting requirements of certain provisions of the Investment Company Act of 1940 in light of the current and potential effects of COVID-19, otherwise known as the coronavirus. The relief, which covers board approvals and renewals in connection with contracts and approvals under Sections 15(c) and 32(a) of the 1940 Act as well as Rules 15a-4(b)(2) and 12b-1 thereunder, is only available until June 15, 2020, at which time the SEC staff may extend the relief depending on the circumstances.

## Background

In February 2019, the SEC staff issued guidance at the request of the Independent Directors Council (IDC) that provided relief from the in-person board voting requirements of the 1940 Act in certain unforeseen or emergency circumstances that make it impossible or impractical for board members to travel to a meeting. The circumstances would include, but not be limited to, weather events, natural disasters, acts of terrorism, illness, death and disruptions in travel. The IDC relief only applies to approvals where the board is renewing an existing contract, plan or arrangement involving no material changes. The IDC relief also covered situations in which a board was required to reconvene a meeting to vote on a matter that had already been fully discussed and considered at a prior meeting but not voted on for some reason.

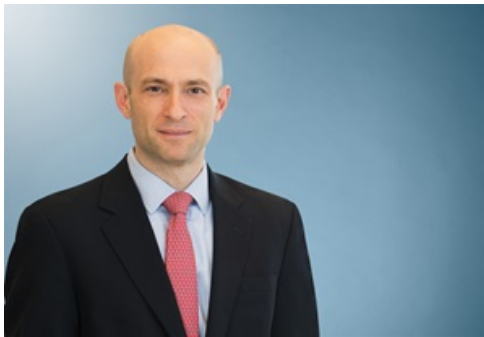
## Expansion of IDC Relief

As a result of the coronavirus, the SEC staff has now expanded the IDC relief to cover all approvals and renewals of contracts, plans or arrangements under Section 15(c) (advisory and sub-advisory agreement approvals);

Section 32(a) (approval of a different accountant); Rule 15a-4(b)(2) (interim advisory agreements); and Rule 12b-1 (distribution plans). The board would be required to ratify any vote taken under the relief at the next in-person board meeting. The relief is temporary and only applies to meetings held between March 4, 2020, and June 15, 2020. The SEC staff stated in its release that it is monitoring the COVID-19 situation and may expand the relief at any time as circumstances warrant.

At the same time, the staff encouraged funds to revisit their business continuity plans, valuation procedures and other relevant policies and procedures in light of the COVID-19 threat.

## MEET THE AUTHORS



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