



FUND BOARD VIEWS

10 Things

10 Things...Boards may consider, ask in coronavirus discussions

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The concerns stemming from the spread of coronavirus, or COVID-19, raise a number of questions for fund directors who have fiduciary responsibilities to oversee fund operations and the adviser's risk management of the funds. Boards should make sure directors are getting appropriate information and updates from fund advisers about the funds' preparedness to deal with these issues. Below are questions directors may want to consider and pose to fund management when discussing the coronavirus outbreak:

1. Does the fund adviser have appropriate and effective business continuity and contingency planning procedures in place to ensure there will be no business disruptions if employees must work remotely for extended periods?
2. Has the adviser reviewed and worked to oversee the business continuity and contingency planning at third-party service providers, including the fund custodian, transfer agent, pricing services, and any sub-advisers, and sought appropriate assurances that there will be no disruptions in their operations and ability to provide services to the funds?
3. Have there been any significant portfolio management issues or challenges as a result of the impact of the coronavirus or the recent market volatility, and if so, how are they being addressed?
4. What steps has the fund adviser taken to manage risk for those funds with significant exposure to the regions, sectors, or industries significantly affected by the coronavirus?
5. How has the fund adviser utilized stress testing during this period, and how has that testing influenced investment decisions?
6. Has there been any unusual redemption activity or large outflows in any of the funds?
7. Have there been any liquidity issues, whether stemming from large redemptions, market volatility or otherwise, and has the liquidity risk management program operated as intended?

8. Have there been any valuation issues or challenges or a significant increase in the number of securities that must be fair valued?
9. Should the board consider holding its upcoming meetings telephonically? If so, has it considered whether any items are on the meeting agenda that require an in-person approval for which the board would need to rely upon existing SEC no-action relief from the in-person requirement (including the recent DIM staff statement)—on the basis that the coronavirus has created unforeseen or emergency circumstances that make it impossible or impracticable for directors to travel to the meeting in person?
10. Has the fund adviser made the health and safety of its employees and clients the top priority and considered whether there is a need for travel or in-person meeting restrictions?

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If you have an idea for 10 Things... or would like to contribute one, please contact Hillary Jackson at hillary.jackson@fundboardviews.com.