ROPES & GRAY

ICI Investment Management Conference 2026

Welcoming Remarks

Speaker: Peter Germain, Chief Legal Officer & Executive Vice President, Federated Hermes, Inc.

Mr. Germain welcomed the crowd and provided details about the goals of the conference, noting that the panels would explore a variety of topics, including, among others, the evolving regulatory environment, expanding retail access to private markets, AI, and enforcement trends. He highlighted the diversity of perspectives among the conference attendees. He thanked the ICI staff, SEC Commissioners and staff and the conference attendees for participating in the conference. He then introduced ICI General Counsel Paul Cellupica.

ICI General Counsel's Address

Speaker: Paul Cellupica, General Counsel, Investment Company Institute

Mr. Cellupica delivered opening remarks at the conference. He noted that at last year's conference, he discussed the ICI's "vision of strengthening the financial well-being of everyday Americans by expanding their access to long-term investing" and plans and priorities to "modernize investing" stemming from its 1940 Act modernization review. He provided a progress report on certain priority areas. Mr. Cellupica also discussed other key areas of focus for reform.

Updates on Certain Priorities:

ETF Innovation. Mr. Cellupica noted that the ICI "pushed for ETF innovation, starting with allowing funds the flexibility to offer both mutual fund and ETF share classes." He reported that since November 2025, the SEC has approved 48 applications for dual share class relief, and that on March 17, 2026, the ICI secured no-action and exemptive relief under the Securities Exchange Act, enabling ETF share classes of mutual funds to begin trading on exchanges. Mr. Cellupica also noted that, as one of its top priorities, the ICI is advocating for the passage of the bipartisan GROWTH Act, which would equalize tax treatment across mutual funds and ETFs.

Retail Access to Private Markets. Mr. Cellupica noted that another one of the ICI's priorities for modernization is providing retail investors more access to private markets within regulated funds. He highlighted two significant SEC actions since last year: in April 2025, the SEC issued exemptive relief providing more flexible conditions for co-investment by closed-end funds and BDCs alongside private funds, and in May 2025, the SEC eliminated the requirement that retail closed-end funds must limit their investments in private funds to 15% of their net assets. Additionally, Mr. Cellupica noted that the U.S. Department of Labor is expected to propose a rule implementing President Trump's executive order on expanding private market access in retirement plans.

Reducing Regulatory Costs and Burdens. Mr. Cellupica stated that one of the ICI's priorities from its 1940 Act modernization review relates to the removal of unnecessary regulatory costs and burdens. He noted that "the SEC has made commendable progress" and acknowledged the recent proposed changes to Form N-PORT.

Other Areas of Focus:

E-Delivery. Mr. Cellupica noted that "[o]ne huge reform we hope to see is making e-delivery the default option for

fund documents." He stated that in February 2026, SEC Chairman Atkins directed staff to work on the issue.

Proxy Reform. Mr. Cellupica stated that another focus area was on fund proxy reform. He noted that the ICI has endorsed allowing shareholders to provide standing voting instructions in line with board recommendations, either in every vote or with certain exceptions, like mergers or increases in advisory fees, and that the SEC staff has provided similar no-action relief to public companies for these types of standing voting instructions.

Cross Trading. Mr. Cellupica stated that the ICI continues to call for the restoration of the ability of affiliated funds to cross-trade fixed income securities. He noted that the ICI understands that the SEC is working on a proposal to allow funds to resume fixed-income cross-trading, with modernized conditions and oversight requirements that will reflect the realities of today's markets.

Mr. Cellupica concluded his remarks by expressing that the ICI in the longer term "want[s] to move investing fully into the 21st Century, so investors can make the most of new technology, including developments such as AI and tokenization."

Fireside Chat with Brian Daly

Moderator: Paul Cellupica, General Counsel, Investment Company Institute
Speaker: Brian Daly, Director, Division of Investment Management, Securities and Exchange Commission

IM Priorities. Mr. Daly offered his personal views on IM's current priorities and outlook. He emphasized that IM is engaged in extensive collaboration with other SEC divisions and offices, as well as across Washington. He noted IM's focus on "greater retailization" to provide retail investors with more access to alternative investments. He noted that the DOL is working on a proposal to implement President Trump's Executive Order 14330, "Democratizing Access to Alternative Assets for 401(k) Investors." He stated that while the focus of the DOL and IM is slightly different, as the DOL is focused on "pre-tax, post-retirement" dollars for investing compared to IM's focus on "post-tax, pre-retirement" dollars, IM intends to serve as a value partner to the DOL.

On rulemaking more broadly, Mr. Daly stated that IM aims to take a sensible approach to proposing changes in order to avoid needlessly throwing out existing protections or introducing more uncertainty than is necessary. Mr. Daly also highlighted that IM is focused on modernization and deregulation.

Reduction in Workforce. Addressing recent workforce reductions, Mr. Daly acknowledged that IM is smaller than at its peak but stated that it remains fully operational. He encouraged industry professionals to consider public service at the SEC, noting upcoming openings.

Modernizing Investor Communications. Mr. Daly summarized the SEC's recent Private Markets Roundtable on the accelerating retailization of private markets. He noted that a key theme was the importance of ensuring that retail investors understand the characteristics and risks of semi-illiquid products. He tied this to the broader need for effective electronic delivery and modern investor communication, urging the industry to leverage technology and propose innovative solutions rather than waiting for the SEC to prescribe the form of 21st-century disclosure. He encouraged creative approaches from the industry that meet investors where they are, including through mobile platforms and digital channels.

Proxy Voting. Referring to President Trump's December 2025 Executive Order, "Protecting American Investors from Foreign-Owned and Politically-Motivated Proxy

Advisors," Mr. Cellupica asked Mr. Daly to discuss how much of the executive order will belong to IM and the potential resulting actions. Mr. Daly acknowledged that certain aspects of the executive order are IM-specific and that IM is "studying and assessing" potential next steps. Mr. Daly discussed his remarks delivered on January 8, 2026 at the New York City Bar Association addressing proxy voting practices. He stated that his remarks were intended to encourage a broader reassessment of proxy voting practices, including asking investment advisers to re-evaluate whether their current proxy voting activities align with their investment mandates and client objectives. He noted the distinction between active and passive fund managers in this regard. Regarding fund proxy reform more broadly, he characterized it as a multi-division effort requiring collaboration with the Division of Corporate Finance and other divisions and offices.

Tokenization. Mr. Daly noted that many of the key tokenization questions fall within the purview of the Division of Trading and Markets, but that IM is working closely with the Division of Trading and Markets on related issues. He stated that for IM, it looks at tokenization as a way to generate more efficiency and lower expenses for investors and to make investments in funds, particularly more liquid funds such as money market funds, more accessible to investors.

15% Limit in Private Funds. In response to a question from Mr. Cellupica regarding whether the 15% limitation in private funds will be lifted for exchange-traded CEFs, Mr. Daly noted that ADI 2025-16 is reasonably clear that it is limited to registered closed-end funds that invest in private funds that are not listed on an exchange. However, he noted that as the industry continues to develop interesting products, there will be new challenges, including in particular around portfolio transparency.

SEC's Reg Flex Agenda and Other Areas of Interest. Mr. Daly discussed certain items on the Spring 2025 Reg Flex Agenda, including modernizing the cross-trading rule. He also discussed items of interest for the industry, including the SEC's continued consideration of the SEC's Political Contributions Rule, the SEC's Investment Adviser Recordkeeping Rule and modernization efforts more broadly. Mr. Daly cautioned against anchoring any new rules and/or requirements to current technologies, advocating instead for a technology-neutral approach that would not need to be redone in five years.

Mr. Daly closed by emphasizing the urgency of IM's work, noting that approximately 800 days remain until the next presidential election, and urging the industry to proactively engage with IM and bring forward ideas and to react quickly to SEC proposals.

General Session: The Atkins Agenda:

WHAT'S NEXT FOR THE SEC?

Moderator: Tara Buckley, Deputy General Counsel, Financial Regulation, Investment Company Institute
Speakers: Deepa Damre Smith, General Counsel, Matthews International Capital Management
Sara Crovitz, Partner, Stradley Ronon Stevens & Young LLP
Sarah ten Siethoff, Associate Director, Rulemaking Office, Division of Investment Management, Securities and Exchange Commission
John Schadl, Principal, Deputy General Counsel, Fund & Advisor, Vanguard Group, Inc.

The panel discussed certain highly anticipated regulatory actions from the SEC under Chairman Atkins, noting that the goals of the SEC under Chairman Atkins have largely focused on building a regulatory framework for crypto assets, supporting capital formation, reducing compliance costs, and harmonizing regulations.

Expanding Retail Access to Private Markets. The panelists discussed the recent executive order on expanding retail access to private markets and the different focus areas of the Department of Labor and the SEC.

Mr. Schadl discussed how fund groups creating 1940 Act products are thinking about investment products in the private markets space. He emphasized that investor protection must remain a priority before launching new products, noting that protection goes hand in hand with investor confidence.

Ms. Crovitz suggested that the SEC could revisit the Accredited Investor definition and noted that tender offer and interval funds provide a good balance between liquidity and access, while also affording investors the protections of the 1940 Act.

Electronic Delivery of Fund Documents. Ms. ten Siethoff discussed the SEC's current posture on electronic delivery, noting that there are two separate projects underway: one involving the adoption of electronic delivery as the default standard and the second involving the modernization of existing e-delivery rules. She emphasized that the SEC is striving to be technology-neutral in its approach to the modernization of the e-delivery rules so as to avoid having to revisit the framework as technology continues to evolve. Mr. Schadl noted that the industry is on the cusp of an AI revolution, making it all the more important for the industry to articulate to the SEC staff how it is already using digital channels.

Political Contribution Rule Reform. Ms. Damre Smith discussed the aspects of the current political contribution rule creating the most friction and highlighted the severity of consequences for any breach. She emphasized the rule's chilling effect, with employees so concerned about making a technical misstep that they opt not to make any contributions.

ETF Share Classes. Ms. Crovitz discussed cross-subsidization in ETF share class structures, noting that it was a core investor protection issue identified by the SEC staff. She noted that a fund's board must make a finding that each share class's costs are in the best interest of that share class as a whole, supported by an adviser report.

Mr. Schadl shared Vanguard's experience as the only fund complex currently operating with ETF share classes, explaining how Vanguard's internalized service provider model helped facilitate the transition to ETF share classes. He emphasized that fund companies and intermediaries should be prepared to work through numerous operational issues together. He stated that board oversight is significant and that the adviser must endeavor to present data in a way that is easily digestible for the board. He added that the analysis as to whether to launch an ETF share class must be product-specific, as some mutual funds may not be appropriate candidates for the structure.

Ms. Damre Smith noted that even for firms that have not applied for ETF share class relief yet, the development has changed how they think about products. She observed that the process naturally sharpens how firms think about where the structure can add value and where it cannot, noting that some strategies are simply not appropriate for ETF wrappers.

Cross-Trades for Fixed Income Securities. Mr. Schadl confirmed that the restoration of cross-trading would allow for more efficient reallocation of risk without market friction. Ms. ten Siethoff acknowledged the SEC staff's long-standing conflict concerns — namely, the potential for cross-trades to be used for dumping or parking securities to the detriment of one of the participating funds. She stated, however, that the SEC staff also recognizes the benefits and that the challenge is to achieve those benefits while managing the conflicts, a task that is not new to fund complexes. She noted that the SEC staff has issued a request for comments on the issue.

Proxy System Reform. Ms. Damre Smith commented on the numerous inefficiencies in the current proxy system that are driven by access challenges: the wide variety of shareholders and intermediaries makes it difficult

to identify voters, and the process of soliciting votes is burdensome. She noted that she does not believe this is a vote accuracy issue, as proposals overwhelmingly pass when shareholders do vote.

Ms. Crovitz discussed how proxy reform could look in the fund space. She noted that, at a minimum, the 1940 Act majority standard could be modified to address the difficulty in obtaining quorum — for example, by moving to a 30 percent quorum with a 75 percent supermajority requirement.

Form N-PORT and Data-Driven Oversight. Ms. ten Siethoff discussed the SEC's approach to data-driven oversight, noting that since the creation of the Division of Economic and Risk Analysis in 2009, the SEC staff has been increasingly focused on maximizing the value of data received from the industry. She stressed the importance of the SEC being a data-driven organization. She noted that the SEC staff is working on AI test cases and that AI is enhancing the SEC staff's ability to code better and more quickly.

Ms. Damre Smith observed that much of the industry's friction with Form N-PORT related to the compressed timeframe in the 2024 proposal, and that the 2026 proposal resolved many of those concerns, crediting the SEC for taking industry feedback.

Custody Modernization and Crypto Custody. Ms. ten Siethoff provided an overview of the SEC staff's recent activity in the crypto custody space. She noted that the SEC staff recently published an interpretation offering a taxonomy of different crypto assets and how they are and are not covered by various federal securities laws. She also referenced the SEC staff's statement that a tokenized security is still a security. She noted that much of the regulatory framework for crypto assets will likely be addressed through the Division of Trading and Markets and highlighted a newly announced memorandum of understanding between the SEC and the CFTC to formalize coordination across overlapping areas of crypto regulation.

Ms. Crovitz addressed the broader topic of custody modernization and stated that the single most impactful fix would be to address self-custody. She suggested that in a world of electronic securities, the SEC staff should consider an exemption under the Advisers Act for non-certificated securities, focusing on the adviser's controls and processes rather than on outdated physical custody requirements.

Ms. ten Siethoff acknowledged that many of the custody rules are antiquated, highlighting the petty cash rule as particularly anachronistic. She observed that there are differences between the Advisers Act and 1940 Act custody regimes that are difficult to explain, making custody an area in ripe need of modernization. She stated, however, that the SEC's first and foremost focus in this space is crypto custody, which she characterized as "really thorny."

Session A: The Future of Digital Assets & Implications for the Fund Industry

Moderator: Timothy White, Associate General Counsel, Investment Company Institute
Speakers: Roger Bayston, Head of Digital Assets, Franklin Templeton Investments
Brenden Carroll, Partner, Dechert LLP
Ryan Louvar, Chief Legal Officer, WisdomTree Digital Management, Inc.
Troy Paredes, Founder, Paredes Strategies LLC, Former Commissioner, Securities and Exchange Commission

This panel discussed recent SEC guidance on crypto, as well as the custody requirements and operational considerations for funds investing in crypto and tokenized assets, offering insights on regulatory and legislative developments and compliance and risk issues.

The panel detailed the benefits of blockchain technology for fostering efficiency and speed and reducing risk. Turning to digital assets, the panel noted that both underlying assets and funds could be tokenized, and added that the nature of digital assets may vary depending on the characteristics of the asset. Next, they discussed recent SEC and staff guidance on digital assets, noting that clarity on digital assets was welcome and overdue.

The panel then discussed how asset managers should embrace technological innovation to improve capital markets through faster clearance and settlement and the use of programmable tokens to allow investors to get more utility out of their wealth. They added that, despite the healthy relationship between the current Commission and the industry, there is a need to be cognizant of the regulatory guardrails. At the same time, crypto firms such as Coinbase, Kraken and others are increasingly engaging in securities-related activities.

Next, the panel discussed the recent moves by the NYSE and Nasdaq to promote tokenized assets and to expand trading hours, respectively. Expectations are that tokenization of real-world assets and financial assets like ETFs will accelerate, creating greater efficiencies and utility for investors. Tokenized money market funds are already developing use cases for collateral management and as a reserve asset. However, the panel noted that new asset types and uses would still require legal and compliance oversight. As an example, the panel discusses the difficulties in attempting to audit a smart contract.

The panel debated the benefits of digital assets to the capital markets, noting that there will be significant benefits flowing from the redeployment of capital. Global banks are developing blockchain applications to manage collateral processes more efficiently. Stable coins are also expected to facilitate connectivity to the broader financial ecosystem, especially if they are able to offer a yield or pay rewards. The regulatory environment for stable coins remains unsettled, however.

Finally, the panel discussed the potential for "super apps" that offer access to a combination of digital assets, stable coins, ETFs, prediction markets and gambling. Such apps raise jurisdictional concerns, and it will be important to coordinate with regulators and ensure proper disclosure. Moving forward, "trad fi" asset managers and crypto native firms should look for opportunities to cooperate in developing and offering products and services that meet investors where they are.

Session B: Navigating Change:

FUND BOARD GOVERNANCE IN AN ERA OF TRANSFORMATION

Moderator: Nicole Baker, Senior Director, Independent Directors Council
Speakers: Shane Daly, Executive Vice President, General Counsel, and Secretary, Equitable Investment Management Group
Margaret (Peg) McLaughlin, Independent Trustee, State Street Investment Management Mutual Funds
Fatima S. Sulaiman, Partner, K&L Gates LLP

The panelists discussed accelerated product development, evolving industry practices and shifting regulatory expectations.

With respect to accelerated product development, the panel noted that the fund industry is transforming rapidly with respect to new products, practices and regulatory expectations. The panel noted that amidst this change, the role of the board remains very much the same in that boards need to remain informed, objective and focused on shareholder interests. The panelists stated that boards need to understand the use case for new products – such as the target investor, the investment strategy and risks, and what "success" of the product looks like to the adviser. It was noted that a post-launch discussion

with the adviser is as important as various pre-launch discussions.

The panel discussed the proliferation of exchange traded funds (ETFs), noting that there were over 1,000 active ETF launches in 2025 as compared to 95 mutual fund launches. The panelists noted that, as boards consider the potential benefits of an ETF wrapper, such as intraday liquidity and tax efficiency, boards also need to consider whether the adviser's organization has the bandwidth to adequately support an ETF business in addition to the traditional fund business. In the case of clone or cousin ETFs and funds, a board needs to consider certain issues such as portfolio transparency and daily disclosure of portfolio holdings.

Next, the panel discussed evolving industry practices such as the innovation and implementation of artificial intelligence (AI). The panelists noted that board members need to understand how an adviser is using AI in operational, legal, risk, compliance and technology/operational processes. It was further noted that boards need to understand the adviser's risk management framework – policies, procedures and controls – as well as human review and involvement with respect to AI. The panel pointed out that it is particularly important for boards to understand how, if at all, AI is used in the adviser's investment research process and/or execution of portfolio trades. The panel commented on the use of AI tools by board members as they review materials and prepare for board meetings. The panel cautioned against the use of note-taking functions and the recording of meetings and noted the importance of each board consulting with their counsel as to these matters.

The panel then discussed shifting regulatory expectations. The panelists noted the importance of a process by which the board is kept appraised of regulatory developments that may impact the funds and the adviser. The panel commented on the importance of a review and assessment of any potential gaps between current policies, procedures and controls and new regulatory requirements.

In closing, the panel remarked that inasmuch as the fund industry is evolving, a board's duties remain – at the core – very much the same.

Session for Emerging Leaders: The Art of Professional Communication:

HOW TO COMMUNICATE EFFECTIVELY IN THE WORKPLACE AND ONLINE

Moderator: Kevin Coroneos, Director of Digital Advocacy Strategy, Investment Company Institute
Speakers: Chrishon McManus, Senior Counsel, Allspring Global Investments
Eric J. Pan, President and CEO, Investment Company Institute

The panelists provided practical guidance on communicating more effectively in the workplace and online to build trust and credibility.

Mr. McManus noted that conversations generally fall into three categories: logical (seeking an answer), social (seeking to connect), and emotional (seeking empathy). He explained that understanding what category a conversation falls into, and therefore what a counterpart is seeking from a communication, helps direct one to respond appropriately. Mr. Pan then summarized his fundamental principles of communication: know your audience, recognize that communication is defined not by what you say but by what your audience hears, and understand that everyone has insecurities.

Mr. McManus emphasized that brevity and directness are essential in professional email communication. He recommended leading with the bottom line, identifying

what is being asked of the recipient, anticipating follow-up questions, and always suggesting a solution when presenting a problem. Mr. Pan added that emails to one's manager should make the best possible impression and should not create extra work for the recipient. With respect to meetings, Mr. McManus stated that a successful meeting should be targeted to a single topic and should address a matter that could not have been handled over email. Mr. Coroneos recommended always providing an agenda and sending a follow-up email recapping the discussion and assigning to-dos with clear ownership. Mr. Pan added that every person invited to a meeting should contribute.

The panelists discussed how professionals can seek out opportunities for growth without overstepping. Mr. McManus suggested identifying tasks your supervisor prefers not to handle and volunteering to take them on. Mr. Pan advised professionals to operate at the level of the position they aspire to hold.

Mr. Pan observed that the true test of professionalism is not whether a mistake has been made, but how one reacts to it. He emphasized the importance of always coming prepared with solutions, noting that it is possible to navigate a negative situation and still come across well.

The panelists concluded with practical tips for professional engagement on LinkedIn, including maintaining a profile picture, being authentic, tagging relevant people and companies and incorporating images in posts, engaging with other users' content to boost algorithmic visibility, and keeping posts concise.

General Session: Capitol Insights:

NAVIGATING TODAY'S ADVOCACY CLIMATE

Moderator: Tom Quaadman, Chief of Government Affairs and Public Policy, Investment Company Institute
Speakers: Andy Blocker, Principal & Head of Policy, Regulatory and Government Relations, Edward Jones Investments
Bob Grohowski, Head of Legislative & Regulatory Affairs, T. Rowe Price
Catherine Newell, Executive Vice President and General Counsel, Dimensional Fund Advisors LP

Mr. Quaadman began with a review of the current political and policy environment. He described the role of a disciplined, organized White House team with a long list of centrally organized priorities and increasing influence on agency policymaking. He also reviewed the state of Congress, with narrow margins potentially in play in the upcoming midterm elections, an influx of newer members over recent years, with a corresponding loss of experience, and increasing populism and polarization of views on both sides of the aisle. Mr. Quaadman said that, against this backdrop, the ICI and its members have accomplished a great deal, both with the SEC and on the legislative front.

Each panelist then explained how his or her firm approaches policy and highlighted recent experiences. Ms. Newell detailed Dimensional's success in working with the SEC on ETF share classes over a multi-year period, culminating in the SEC's approval of Investment Company exemptive relief and, more recently, with the ICI's assistance, Exchange Act relief. Mr. Grohowski called out the importance of individual firm stories and practical, bipartisan solutions in cutting through political rhetoric and explained how T. Rowe Price communicates priorities through summaries of its positions on key issues

and meetings with policymakers. Mr. Blocker discussed how Edward Jones engages with the SEC and the bank regulators, with the Department of Treasury on topics such as TRUMP Accounts, as well as with Congress.

The panel then turned to selected policy priorities for each firm. Mr. Grohowski highlighted retirement issues, which range from plan coverage and portability (for example, auto-escalation of participant contributions), 403(b) plan access to collective investment trusts, and ERISA litigation reform via increased pleading standard requirements. Noting that Dimensional works closely with independent financial advisors and benefits from their feedback, Ms. Newell emphasized the need to reduce unnecessary cost and complexity in financial regulations, such as through e-delivery rule changes and reforms to the fund proxy voting process. Mr. Blocker added that Edward Jones is also focused on the GROWTH Act and the concept of chaperoning (i.e., allowing clients to qualify as accredited investors based on their ongoing relationship with a financial advisor).

The panelists then shared their experiences in working with Congress in the current environment. Mr. Blocker emphasized that, although regulatory guidance from this administration's SEC may be more favorable than under the prior administration, industry firms should work toward formal rulemaking and, ideally, consensus-based bipartisan legislation, to ensure that today's favorable changes have staying power. Mr. Grohowski stated that many important industry issues are bipartisan, and noted the thoughtfulness of congressional staffers in engaging on the substance of proposals. Mr. Quaadman discussed the importance of finding members of Congress who are solutions-oriented and offered ICI experiences with the INVEST Act and the FSOC Improvement Act (both of which have been passed by the House of Representatives) to demonstrate that constructive legislative work can still be accomplished in a complex political climate.

Turning to specific legislative topics, the panel discussed the proposed GROWTH Act, which would allow mutual fund investors who reinvest their capital gains to defer taxes until they redeem their investments. Mr. Grohowski applauded the ICI's grassroots efforts to build support for the proposal, and Mr. Blocker and Mr. Quaadman agreed on the importance of obtaining a favorable "revenue score" (i.e., estimate of the Act's expected impact, positive or negative, to overall tax revenue). Since the GROWTH Act defers the timing of taxation of reinvested capital gains, which could lead to greater overall tax revenue in the future if accounts grow in value, its revenue score depends on using an appropriate time horizon. Ms. Newell explained that encouraging reinvestment (allowing clients to benefit from compounding returns), combined with the importance of mutual funds to middle America, make for strong policy themes backing the proposed Act. The panel also discussed the rollout of TRUMP Accounts and continuing ICI work to broaden the accounts' permitted investments beyond index products, with the panelists agreeing that the addition of TRUMP accounts is a positive development and should not be seen as undermining the current retirement system.

Concluding with a discussion of new products and innovation in the industry, the panelists reminded the audience to focus on bipartisan consensus and remain grounded in basic principles as they pursue their policy goals.

Session C: Tax Roundup:

2025 IN REVIEW AND THE ROAD AHEAD

Moderator: Mike Horn, Deputy General Counsel, Tax, Investment Company Institute
Speakers: Megan Wood, Tax Partner, PricewaterhouseCoopers
Jon Davis, Assistant Treasurer, Fidelity Investments
Victoria Pinsky, Vice President and Lead Tax Counsel, Columbia Threadneedle Investments

Mr. Horn introduced the panelists and framed the session around two themes: legislative and regulatory developments in 2025 and tax-driven product trends shaping the road ahead.

Ms. Pinsky kicked off the discussion with an overview of the One Big Beautiful Bill Act (OB3). She noted that the enacted legislation omitted two provisions of interest to the fund industry: changes to Section 852(b)(6) of the Internal Revenue Code (IRC) and the retaliatory tax provision under proposed Section 899. She explained that Section 899, if enacted, would have denied income tax treaty benefits for and increased taxes on persons/entities resident in countries deemed to impose discriminatory or extraterritorial taxes against the U.S. She added that Section 899 has the potential to be resurrected and that the ICI may push for a passive investment exemption if that occurs.

Ms. Pinsky discussed the recent regulatory slowdown, noting that Treasury's focus has been on guidance related to OB3 and that the priority guidance plan, while historically aspirational, is now shorter and focused on achievable items.

The panel noted that the likelihood of a second reconciliation bill ("Reconciliation 2.0") is very low given the absence of unified Republican agreement on what such a bill might include, the approaching midterm elections, and the possibility of a bipartisan extender package during a lame-duck session. Ms. Wood noted growing momentum from the administration and members of Congress for digital asset tax legislation, which could come during the year.

Mr. Davis discussed the GROWTH Act, which addresses the inequity that arises when funds are forced to sell securities to meet redemptions, causing remaining shareholders to bear the resulting tax liability. He noted that the deferral under the Act is eventually recaptured and acknowledged that ETF share class relief will address many of the same issues. He noted that the GROWTH Act may still benefit funds for which an ETF share class launch may not be appropriate.

Ms. Wood highlighted three examples of positive withholding tax developments since 2024 across Norway (for RICs) and Denmark and Switzerland (for CITs), with such countries having entered into competent authority agreements confirming that RICs/CITs are eligible for the applicable treaty rate. She noted that in Switzerland there has been continued difficulty in obtaining the applicable treaty rate for RICs, with Switzerland still asking for specific information on individual shareholders.

The panelists noted the continued demand from retail shareholders for access to alternative assets, including private equity and private credit, and observed that RICs are not natural wrappers for those assets. They discussed the related challenges for RIC investments in private equity and private credit and their impacts on certain RIC qualification tests, for example, noting that certain fee income earned in private credit transactions may not qualify as RIC qualifying income. The panelists also discussed unique challenges facing closed-end funds, especially interval funds, with respect to the tax treatment of redemptions under Section 302 of the IRC, which treats certain redemptions as dividends. Ms. Wood noted differences in withholding tax liability depending on the characterization of a redemption and that the ICI will convene a working group on the subject.

The panel also discussed digital asset investing through direct investments, derivatives, and ETFs, noting that ETFs have increased in popularity as a means of gaining crypto exposure without needing a wallet. Panelists commented on the growing popularity of the grantor trust structure given certain limitations of the RIC wrapper. Ms. Wood described the Revenue Procedure 2025-31 safe harbor allowing staking without jeopardizing grantor trust status and added that most shareholders do not want in-kind distributions because they do not have a wallet, which remains an open industry issue.

Ms. Pinsky discussed SMA-to-ETF conversions under Section 351 of the IRC, which are becoming increasingly common and have caught the eye of U.S. tax regulators.

She noted that in meetings with Treasury, it was observed that in some transactions reported in the press up to 40% of converted assets were redeemed in kind shortly after the conversion, potentially implicating application of Section 351 to such transactions. She indicated that Treasury might issue guidance on such transactions.

Session D: Please Stop Calling Me:

THE CASE FOR FUND PROXY REFORM

Moderator: Amy McDonald, Moderator, Associate General Counsel, Investment Company Institute
Speakers: Elise Dolan, Counsel, Davis Polk & Wardwell LLP
Adam Henkel, Assistant General Counsel, Invesco Capital Management LLC
Terry Nilsen, President and CEO, Hennessy Advisors, Inc.
Kelly O'Donnell, Senior Director, Industry Operations and Transfer Agency, Investment Company Institute

This session focused on the challenges faced by funds, in their capacity as issuers, when submitting matters to a shareholder vote and potential reforms to improve the fund proxy process.

Ms. O'Donnell provided an overview of the current fund proxy process, including the challenges faced by funds with obtaining quorum and the requisite vote at fund shareholder meetings. Mr. Henkel discussed Invesco's recent experience with the proxy solicitation for QQQ, noting that while an overwhelming majority of those voting supported the fund's proposal, it required over five months and multiple adjournments to obtain the required vote. Ms. McDonald discussed the ICI's extensive work on fund proxy reform, including a recent white paper entitled "Confronting the Growing Burden of Fund Proxy Campaigns – Analysis of Recent Fund Campaigns and Policy Solutions" (the "ICI Paper").

Ms. Dolan reviewed the 1940 Act framework relating to fund proxies, including the circumstances in which a "1940 Act Majority" vote is required and the meaning of that term. Ms. O'Donnell discussed retail ownership dynamics and the challenges with getting significant proxy participation by retail investors, including the highly intermediated nature of share ownership. She discussed various challenges with achieving quorum, including voter apathy, investor concerns with scams and phishing, and increased difficulty reaching shareholders by telephone. Mr. Henkel discussed these challenges in the context of Invesco's QQQ recent solicitation, noting that fund firms often are forced to badger their shareholders with unrelenting calls and mailings to achieve quorum.

Ms. McDonald reviewed statistics regarding the industry-wide cost of the proxy process, noting that the total costs for fund proxy campaigns since 2020 have ranged from $675 million to $1.14 billion. Ms. O'Donnell noted that most of these costs are borne by funds and their shareholders. Mr. Henkel observed that proxy solicitations can damage the shareholder experience. The panelists expressed concern that the extraordinary challenges associated with getting shareholder approval are having a chilling effect on proposals, no matter how worthwhile. They discussed examples of potential negative consequences to funds resulting from the difficulty in obtaining shareholder approval, including delayed board refreshment and funds pursuing their strategies in a sub-optimal manner because of challenges in obtaining shareholder approval to change a fund's diversification status from "diversified" to "non-diversified" in response to increasingly concentrated equity indices.

The panelists discussed a range of ways that the SEC could improve the proxy process, many of which tracked the recommendations in the ICI Paper. These potential reforms included: (i) creating a new way to reach a 1940 Act Majority by combining a lower quorum requirement with a higher approval percentage of those voting; (ii) replacing the 1940 Act Majority standard for certain items with a disclosure-oriented approach similar to

that used in Rule 35d-1 (i.e., 60 days' prior notice of the change in a notice that is separate and prominent); (iii) permitting fund boards to appoint a greater number of new independent directors without having to proxy shareholders; (iv) permitting funds to adopt retail voting programs similar to that described in the recent Exxon-Mobil no-action letter; (v) streamlining proxy statement disclosure; (vi) revising shareholder communication rules so that funds can more readily contact shareholders; (vii) reforming proxy processing fees; and (viii) letting exchanges remove the annual meeting requirement for listed closed-end funds and BDCs. The panelists also discussed possible means to implement these improvements. Ms. McDonald indicated that the ICI is trying to get proxy reform back on the SEC's agenda.

Session E: Managing Conflicts of Interest Across Product Lines:

TAKEAWAYS FOR RETAIL SMA AND CIT PROGRAMS

Moderator: Mitra Surrell, Associate General Counsel, Investment Company Institute
Speakers: Reza Pishva, Director, General Counsel & CCO, Payden & Rygel
Francine J. Rosenberger, Managing Legal Counsel, Collective Investment Vehicles Team, T. Rowe Price Associates, Inc.
Christine Ayako Schleppegrell, Partner, Morgan, Lewis & Bockius LLP
Kevin L. Walsh, Principal, Groom Law Group

The panelists discussed managing conflicts of interest by identifying conflicts of interest, prioritizing client interests, using robust disclosure, following fair allocation policies and maintaining a strong compliance program with well documented policies and procedures.

To identify conflicts of interest, the panelists suggested broader brainstorming sessions with business or new product teams focused on identifying scenarios where the adviser or an affiliate receives a financial or other benefit from an arrangement involving client assets. Common examples include allocating investment opportunities fairly so as to not favor higher fee-paying accounts or proprietary accounts and the fair allocation of fees and expenses.

The panelists agreed that maintaining an effective training program is key to creating a proactive culture to identify conflicts. The panelists noted that if a portfolio manager or product team member identifies a conflict, that is a very positive indication that training has been effective.

Conflicts are inherent in the business, and the panelists agreed that there is no one size fits all approach to managing them. Whether managed through a conflicts committee, risk committee or other structure, approaches vary across managers depending on client base (e.g., mix of retail and institutional or institutional only) and asset classes. In the retail context in particular, the panelists noted this tension exists with new product launches that are similar to or clone existing investment strategies but at lower fee rates.

The panelists agreed that the SEC expects a more robust inventory of conflicts of interest than the high-level summary typically included in Form ADV disclosure. The panelists noted that maintaining a robust list of conflicts is helpful, especially to guard against institutional memory loss with personnel turnover. The next important step is to document the steps taken to mitigate the conflicts identified. The panelists suggested ticking and tying the conflicts on the register to disclosure to make sure that all identified conflicts are disclosed.

General Session: The Workforce Reimagined:

AI, TALENT, AND TRANSFORMATION

Moderator: Peter Bonanno, General Counsel of Asset & Wealth Management, J.P. Morgan Asset Management
Speakers: Sarah Curran, Global Head of Compliance, Wellington Management Company
Russell Klosk, Managing Director, Deloitte
Jessica Kung, Chief Human Resources Officer, The TCW Group, Inc.

Mr. Bonanno introduced the panel by noting that the pace of AI-enabled business transformation has accelerated significantly, with a step change in the technology's power and capability in 2026 alone. He said the goal of the panel was to discuss each organization's AI journey, including how AI was affecting compliance and legal functions.

Ms. Kung described TCW's AI deployment objectives as achieving growth while controlling headcount, realizing operating efficiencies, and building a workplace where humans and AI could work fluidly together. She explained that TCW viewed this evolution over three phases — from individuals using AI for day-to-day tasks, to AI handling parts of workflows, to AI handling entire workflows with a human in the loop. She noted that the firm has been deliberate about establishing governance early because the decisions made in the first phase would set the tone for what followed.

Ms. Curran described Wellington's evolution, noting that the early approach was to get the technology into people's hands to experiment around personal productivity. Over time, the firm moved toward more defined use cases with established measures of success. With respect to tone from the top, Ms. Curran added that AI deployed with the right governance was a powerful tool that could reduce risk and enhance capabilities for the benefit of clients.

Mr. Bonanno described a similar journey at J.P. Morgan, noting that the firm encouraged all employees to engage with available tools and explore ways to eliminate "no joy work." He noted that not everyone needed to be an "AI evangelist," but all employees had to engage, stay current, and experiment with the technology. He also emphasized the importance of staying focused on prioritization and backing only the most meaningful initiatives.

Ms. Kung explained that TCW established an AI Innovation Council to identify and assess use cases. She added that the firm has identified AI champions in each business unit and has been deliberate in having AI work carried by a focused few rather than diffusing responsibility across the entire employee population. Mr. Bonanno noted that J.P. Morgan had established a similar program within its legal department, bringing team members offline from their day jobs to be fully dedicated to AI initiatives.

Ms. Curran discussed Wellington's approach, noting that six months ago the firm leaned heavily into buying because third-party capabilities were far more advanced. She stated the gap had narrowed significantly, with the primary considerations being speed and accessibility to data. Mr. Klosk offered an industry perspective, observing that the question was not simply whether a firm could code a solution but whether it could maintain it, since outside product companies had maintenance capabilities built in.

Ms. Curran described Wellington's training approach, which incorporated both tool usage and associated risks through online modules, live sessions, and office hours. Ms. Kung noted that TCW expected employees to use AI responsibly under established guidelines, ideally opening their AI tool every morning for at least one task to build muscle memory, adding that AI tools were fairly intuitive and formal training would eventually become unnecessary.

Mr. Klosk noted that the industry was still in the early days and that return on investment would take time. He observed that asset management firms had been slower to adopt due to the regulated nature of the industry but more intentional, tying AI more closely to business process than other industries. He stated that functionally-led AI deployment — driven by the experts who actually did the work — represented best practice.

Mr. Klosk noted that the biggest challenge to return on investment was adoption rates. He stated that organizations needed to help people understand how AI would improve their lives, be transparent about spending decisions, and build trust that the objective was not simply to eliminate positions. He acknowledged that jobs would change but noted these changes would create just as many opportunities as any prior disruption.

Ms. Kung acknowledged that firms could not eliminate uncertainty and that pretending it did not exist was the worst thing a leader could do. She noted that involving employees in the process — having them figure out how to incorporate AI into their work — turned them into participants in the change rather than passive observers, and that the antidote to uncertainty is honesty.

Ms. Curran stated that AI governance meant, first and foremost, data protection — both firm and client data. Beyond that, she noted the importance of policies and procedures, defined evaluation criteria for use cases, cross-functional review-spanning technology, information security, third-party risk, and privacy, and a legal and compliance working group to review relevant policies on an ongoing basis. She added that testing, training, and disclosure were key governance elements. Mr. Bonanno stated that J.P. Morgan had established a focus group of senior people who reviewed use cases across multiple dimensions, including data governance, model risk, and technology.

Ms. Curran stated that the biggest near-term shift for compliance would be leveraging AI to handle more operational workflow, while firms would continue to need regulatory subject matter experts to oversee AI. She noted that the profession's core-valued characteristics — intellectual curiosity, innovation, interpersonal skills, and the ability to navigate complexity — would not go away. Mr. Bonanno added that real subject matter expertise would always be necessary on the legal side, and that critical reasoning, emotional intelligence, and the ability to influence outcomes would be a source of differentiation.

Ms. Curran acknowledged that AI innovation would continue to outpace regulatory guidance. She stated that Wellington relied where possible on existing regulation, encouraged attendance at industry groups to stay current, and tried to be nimble by starting small with targeted experimentation before broadening initiatives. Mr. Bonanno echoed this view, noting that J.P. Morgan applied consistent principles to each use case, focusing on hallucination risk, bias prevention, human oversight, and model testing.

Mr. Klosk stated that firms were just scratching the surface of what was possible in redesigning workflows. He noted his focus on retaining the human element in work, adding that there was still tremendous value in writing, developing ideas, and interacting in a uniquely human way, and that experienced professionals should model that for future generations. Ms. Curran expressed excitement about the potential for AI to help firms embrace complexity.

Keynote Remarks

Hester Peirce, Commissioner, Securities and Exchange Commission
Moderator: Eric J. Pan, President and Chief Executive Officer, Investment Company Institute

Commissioner Peirce delivered keynote remarks followed by a moderated discussion with Mr. Pan. Commissioner Peirce framed her remarks as a "bookend" to her first

appearance at the conference in 2018 and highlighted the significant growth of the fund industry over that period. She emphasized that, as funds play an increasingly central role in retirement and education savings, the importance of effective regulation has grown correspondingly.

Regulatory Philosophy: Moving Away from the "Misery" Model: Commissioner Peirce framed her remarks around a critique of what she described as a "misery" model of regulation. Drawing on a personal anecdote, she questioned whether regulation should impose hardship on firms to build compliance discipline, concluding that it should not. Instead, she emphasized that effective regulation should align with the practices of well-run firms and enable them to serve investors efficiently.

She cautioned that excessive compliance burdens risk displacing client-focused activity, noting that industry participants may be driven away when roles become primarily compliance-oriented rather than client-facing. While acknowledging that certain recent rulemakings have contributed to these pressures, she also pointed to regulatory inaction—such as the failure to modernize e-delivery and delays in using exemptive authority—as contributing to industry friction.

Guiding Principles for Regulation: Commissioner Peirce outlined several principles that should guide regulatory policy: (i) regulation should respond to clearly identified problems, (ii) regulators should actively engage with industry participants and investors, (iii) investors ultimately bear the cost of regulation, (iv) the SEC should embrace, rather than resist, technological innovation, and (v) the regulatory framework should foster competition and reduce barriers to entry. She emphasized that even modest cost reductions can meaningfully improve investor outcomes given the scale of assets invested in funds.

Fund Proxy Voting and Quorum Requirements: Commissioner Peirce identified fund proxy voting requirements as a longstanding structural challenge. She noted that quorum thresholds are difficult to meet in a retail investor base, particularly where investors hold fund interests through intermediaries. She discussed several potential approaches to reform, including: (i) lowering quorum thresholds while increasing approval thresholds, (ii) permitting alternative approval mechanisms, such as board approval, (iii) providing advance notice frameworks for certain actions, and (iv) implementing retail proxy programs allowing standing voting instructions. She emphasized the importance of industry and investor input in developing solutions and suggested that reforms should reduce costs without undermining shareholder rights.

Cost of Regulation and E-Delivery: Commissioner Peirce focused extensively on the costs associated with paper-based disclosure and the need to modernize delivery frameworks. She questioned the continued reliance on paper as the default method of delivering fund disclosures, observing that it does not meaningfully enhance investor engagement and imposes significant costs that ultimately reduce investor returns. She suggested that the SEC should consider making e-delivery the default method of disclosure and/or allowing e-delivery as the sole option for new investors. She noted that the persistence of paper as a "gold standard" has constrained the industry's ability to adopt more interactive disclosure formats and indicated that resolving the e-delivery issue is a necessary first step before broader innovation can occur.

Technology and Disclosure Innovation: Consistent with her emphasis on modernization, Commissioner Peirce encouraged the SEC and industry participants to embrace technological advancements. She highlighted the potential for interactive disclosures, artificial intelligence, and tokenization to improve investor engagement and operational efficiency. At the same time, she reiterated that regulators should avoid prescribing specific technological outcomes and instead create an environment in which innovation can develop organically.

Barriers to Entry and Exemptive Authority: Commissioner Peirce expressed concern that increasing regulatory complexity is discouraging innovation in the registered fund space. She suggested that innovators may

be drawn to less regulated areas or other segments of the asset management industry. While emphasizing that the Investment Company Act has served investors well, she encouraged the SEC to make more effective use of its exemptive authority to facilitate commercially viable solutions consistent with investor protection.

Retail Access to Private Markets: In the discussion with Mr. Pan, Commissioner Peirce addressed the expansion of retail access to private markets. She noted that, given the increasing concentration of growth in private markets, it is necessary to consider mechanisms for retail participation. She emphasized that such access is most appropriately provided through diversified exposure, professional management and vehicles subject to the Investment Company Act. She cautioned against outcomes in which retail investors are disproportionately exposed to less attractive segments of private markets and underscored the importance of maintaining strong public markets alongside expanding private market access.

Private Credit and Liquidity Considerations: Commissioner Peirce addressed recent reports of redemption pressures in private credit vehicles. She characterized redemption limitations as an inherent feature of these products rather than a flaw and emphasized the importance of understanding underlying assets and liquidity characteristics. She suggested that these developments provide an opportunity to evaluate whether regulatory frameworks appropriately accommodate such products and support sound product design.

Retirement Investing and Investor Choice: Commissioner Peirce reiterated her broader philosophy that investors should have discretion in allocating their assets, including within retirement accounts. She indicated that this principle may extend to private assets and digital assets. At the same time, she emphasized the importance of investor education, thoughtful portfolio construction, and alignment with long-term retirement objectives.

Proxy Voting, Stewardship, and 13G/13D Issues: Commissioner Peirce observed that current tensions regarding asset manager engagement may reflect a disconnect between managers' stewardship activities and investor expectations. She emphasized that passive and active strategies should align with disclosed practices and investors should be able to select managers consistent with their preferences. She also noted that questions regarding the distinction between passive and active engagement, including under the Schedule 13G and 13D frameworks, are highly fact specific.

Proxy Advisors: Commissioner Peirce acknowledged concerns regarding the influence of proxy advisors and noted that the SEC's authority in this area remains uncertain following recent court decisions. She suggested that any future regulatory action would depend on congressional authorization and would need to balance oversight with preserving the ability of market participants to express views.

Staff Guidance and Rulemaking: Commissioner Peirce reiterated concerns about overreliance on staff guidance. While recognizing that guidance can be useful, particularly in emerging areas such as digital assets, she emphasized that durable regulatory requirements should be adopted through formal rulemaking. She cautioned against the development of a "hidden" regulatory framework accessible only through informal channels.

Commissioner Peirce concluded by reflecting on the end of her tenure and expressing optimism about future Commission leadership and the potential for new perspectives to shape regulatory policy. Mr. Pan thanked Commissioner Peirce for her remarks.

General Session: The Consequences of Success:

CHANGING EXPECTATIONS FOR FUNDS AS INVESTORS

Moderator: Matthew Thornton, Deputy General Counsel, Financial Regulation, Investment Company Institute
Speakers: Keith Klovers, Counsel, Latham & Watkins LLP
Susan Pereira, Managing Counsel, MFS Investment Management
Danny Riemer, Managing Director, Legal & Compliance, BlackRock
Casey Solomon, Senior Counsel, Capital Group

The panel observed that the fund industry's growth has led to increased scrutiny from federal and state policymakers, federal agencies, academia, and the press on funds' ownership of public companies. The tension between those who advocate for a more muscular approach to proxy voting and engagement and those who view such activity with skepticism presents a fundamental challenge for fund complexes.

The panelists discussed the existing proxy voting framework under the Advisers Act, noting that investment advisers owe fiduciary duties to their clients, including maintaining policies and procedures to ensure that proxy votes are cast in clients' best interests. Looking ahead, the panel highlighted President Trump's December 2025 Executive Order, "Protecting American Investors from Foreign-Owned and Politically-Motivated Proxy Advisors," which directed federal agencies to reassess existing rules and guidance, including whether proxy advisors should be required to register as investment advisers and whether investment advisers relying on proxy advisory firm recommendations might need to make Schedule 13D filings. The panel also noted Director Daly's January 2026 speech at the New York City Bar Association addressing proxy voting practices where Director Daly encouraged investment advisers to reconsider their proxy voting policies and processes.

The panelists discussed funds' proxy voting responsibilities, noting the existing disclosure and reporting requirements impacting funds. They noted that, as Director Daly discussed in January and at the Fireside Chat, there may be certain funds or strategies, for example, index fund strategies, where the fund might consider whether taking positions on certain corporate or policy matters may be inconsistent with the fund's investment mandate. They discussed the job of a fund manager today to "expand the menu" and use available technology to provide clients with optionality.

The panelists discussed the significance of the Schedule 13D and 13G reporting regime and related guidance issued by the SEC staff in 2016, in which the staff indicated that eligibility to report on Schedule 13G depends, among other things, on whether the shareholder acquired or is holding equity with the purpose or effect of changing or influencing control of the issuer, which is a facts and circumstances determination. They noted that the 2016 guidance identified certain limited activities that, without more, would not cause the loss of Schedule 13G eligibility. The panel noted that recent staff guidance has injected more uncertainty and subjectivity by shifting the analysis to the "degree of influence" an investor seeks to exercise, which could have significant implications for fund managers across all strategies.

The panel next addressed the common ownership antitrust theory, noting that the empirical and legal foundations supporting the theory remain unclear. The panelists discussed the current status of *Texas et al. v. BlackRock et al.* The panel more broadly discussed the industry's responses to and concerns regarding the SEC staff's recent guidance on the Section 13 beneficial ownership reporting rules and *Texas et al. v. BlackRock et al*.

The panel also discussed ongoing regulatory scrutiny of proxy advisory firms, noting state and federal-level efforts to regulate proxy advisors, including, for example, Texas Senate Bill 2337 and President Trump's December 2025 executive order on proxy advisors. The panelists noted a significant pendulum swing from a proponent friendly environment in 2021-2022 to a more company-friendly environment beginning in 2025. They noted that in February 2025, the SEC rescinded Gensler-era guidance and reinstated Clayton-era guidance, which had the effect of reducing proposals submitted in 2025. In closing, the panelists offered practical guidance for fund complexes: exercise common sense and avoid discussions with other investors about specific investment pricing or market conduct; maintain thorough records of shareholder engagement activities; and monitor the Texas antitrust litigation.

Session F: Reading the Signals:

SEC EXAMS AND ENFORCEMENT AFTER YEAR ONE

Moderator: Michael Spratt, Associate General Counsel, Investment Company Institute
Speakers: Jan M. Folena, Partner, Stradley Ronon Stevens & Young, LLP
Vanessa L. Horton, National Program Director, Investment Adviser/Investment Company Examination Program, Division of Examinations, Securities and Exchange Commission
Daniel Kahl, Partner, Kirkland & Ellis LLP
Corey Schuster, Chief, Asset Management Unit, Division of Enforcement, Securities and Exchange Commission

The panel commented on the exam environment since the change in administration. The panelists noted that, unlike other divisions at the SEC, the exam division is typically not as susceptible to personnel turnover in connection with changes in the administration, so it is largely business as usual on the exam front.

Ms. Horton noted that compliance programs, disclosure in filings and governance practices remain among the exam staff's priorities. She noted that the industry should keep abreast of the exam staff's published risk alerts as to the staff's priorities.

Discussion ensued regarding certain product development areas such as ETFs, interval funds, and certain private equity style offerings in retail products. With respect to interval funds and private equity type products, the panelists noted that the exam staff is particularly interested in valuation matters, redemptions, and the marketing of these products.

The panelists discussed what might trigger a referral from the exam division to the enforcement division. It was noted that during the prior administration, the bar for referrals seemed to be lower than it is today. It was further noted that the consensus has been that remediation efforts weren't necessarily given tremendous weight during the prior administration, but that the general view is that the current enforcement division would carefully consider remediation efforts made by respondents. The panel noted similar impressions with respect to self-reported matters.

Mr. Schuster commented on recent updates to the SEC's enforcement manual. He noted that certain core areas remain of interest to the exam staff, including, but not limited to, fraud, misappropriation of assets, valuation, prohibited trades and undisclosed conflicts of interest.

Ms. Folena and Mr. Kahl commented on advising clients as to preparedness for SEC exams. They noted the importance of reviewing policies and procedures as well as the testing of the control environment. They also remarked on the importance of identifying conflicts of interest and designing an effective compliance framework and testing environment with respect to same.

Session G: Eying the Future — ETFs in 2026 and Beyond

Moderator: Josh Weinberg, Associate General Counsel, Investment Company Institute
Speakers: Susan Lively, General Counsel, Tweedy, Browne Company LLC
Jessica Reece, Partner, Ropes & Gray LLP
Ben Slavin, Managing Director, Global Head of ETFs, BNY Asset Servicing

This panel explored the forces reshaping the ETF industry, with a particular focus on four areas of innovation: ETF share classes, tokenization and blockchain-enabled trading, IRS Section 351 conversions as an ETF seeding strategy, and the integration of digital assets into ETF portfolios. Panelists explored the structural, operational, and regulatory challenges that accompany each of these innovations.

The discussion of ETF share classes highlighted that, while the SEC's grant of exemptive relief under the 1940 Act, together with complementary Exchange Act relief from the Divisions of Trading and Markets and Corporation Finance, has opened the door for a growing number of sponsors (and the broker-dealers and other market participants who trade ETF shares), obtaining regulatory approval is only the beginning. Panelists noted that sponsors face significant operational and governance work beyond initial approval, including educating fund boards on the important distinctions between launching an ETF share class and executing a full mutual fund-to-ETF conversion and creating and evolving compliance thresholds required by the regulatory relief. Another critical piece, the panelists emphasized, is that the industry must build out the market infrastructure needed to integrate liquidity providers into the ETF share class ecosystem and enable distribution platforms to support these products at scale, and also ensure that this structural innovation can function effectively beyond initial launches.

The panel's tokenization discussion underscored a regulatory landscape that is evolving rapidly, if unevenly. Panelists discussed a series of milestone developments in late 2025 and early 2026, including the SEC's no-action letter authorizing a DTC pilot for tokenized security entitlements, a joint SEC-CFTC interpretive release establishing a five-category taxonomy of digital assets, and Nasdaq's approved rule change enabling tokenized trading, which the panel noted have laid important groundwork. The panel explored the distinction between issuer-sponsored and third-party tokenization models, each of which faces its own regulatory hurdles around, among other things, distribution, custody, and disclosure. Panelists observed that tokenization offers the promise of lower-friction access to investment strategies with around-the-clock availability and near-instant settlement, with managers worldwide building technological capabilities in anticipation of broader adoption. Panelists noted, however, that the pace of innovation in this space has resulted in a somewhat piecemeal approach across listing exchanges and regulators for the time being.

The panel also examined the growing use of IRS Section 351 conversions as a differentiated ETF seeding strategy. This approach allows investors holding appreciated securities to contribute them to an ETF on a tax-deferred basis, rather than liquidating positions to purchase fund shares through a traditional cash subscription. While the structure may offer meaningful tax advantages, panelists cautioned that these transactions demand careful attention to design and implementation to ensure compliance with both the form and substance of applicable requirements and to navigate the operational and tax complexities that arise from the volume of individual investors and underlying tax lots involved.

Finally, the panel turned to digital assets in ETF portfolios, noting that despite recent drawdowns in the

broader digital asset market, demand for digital asset ETFs remained relatively steady in the first quarter. Panelists noted that this asset class presents distinctive challenges, including the need for different approaches to diligence and, in some respects, a fundamentally different operational framework. Custody solutions for newly developed digital assets remain a gating issue, though the evolution of a fit-for-purpose regulatory framework permitting, for example, the inclusion of digital assets in ETF creation and redemption baskets, has provided meaningful relief and a clearer path forward for sponsors.

Session H: Global Ambitions, Local Obstacles:

NAVIGATING A FRAGMENTED REGULATORY WORLD

Moderator: Eva Mykolenko, Associate Chief Counsel, Securities Regulation, ICI Global
Speakers: Michael D'Arcy, CEO, Irish Association of Investment Managers
Stephanie Hui, Head of Responsible Investment & Senior Public Policy Strategist, Dimensional Fund Advisors LP
Andrew Massey, Partner, K&L Gates
Sharanya Mitchell, SVP, Head of Regulatory and International Legal, Cohen & Steers Capital Management, Inc.

The panel explored the challenges and opportunities arising from regulatory divergence across jurisdictions, with a particular focus on the EU, UK, and U.S. regulatory frameworks and their implications for global asset management firms.

The panelists discussed the current state of the EU's regulatory structure. They noted that although the EU operates as a single regulatory bloc, it comprises 27 member states, each with its own national framework and supervisory practices. The panelists observed that while the overarching legislative framework is set by the European Parliament and European Commission, there is divergence at the national level, with certain member states adopting more liberal regulatory postures and others taking a more restrictive approach. The panelists noted, however, that these intra-EU differences are manageable.

The panelists provided an overview of the UK's post-Brexit regulatory trajectory. The panel noted that since the UK's formal departure from the EU in 2020, there has been an expectation that the UK would diverge from EU regulatory standards. The current UK government has emphasized the need for economic growth and has positioned its financial services sector, and investment management in particular, as a key driver of that agenda. However, panelists observed that meaningful divergence has been slower than anticipated, citing the UK's Overseas Funds Regime as a notable example of legislation that took years to come online. The UK has generally demonstrated a willingness not to impose unnecessary barriers on asset managers or UK investors where existing standards in other jurisdictions are considered adequate.

The panelists discussed the practical implications of navigating multiple regulatory environments, including the challenges relating to applying different regulatory requirements across multiple offices. The panelists also identified opportunities that can arise from regulatory divergence. Panelists emphasized the importance of asking not merely *what* a regulation requires, but *why* a regulator has introduced it, in order to anticipate future developments and turn regulatory divergence and compliance into strategic tools. MiFID II's unbundling requirements for investment research were cited as an example where a firm could embrace the regulatory intent, improve its related policies and practices, and deploy those enhanced policies and practices globally as a competitive marketing advantage—well ahead of similar requirements emerging in other jurisdictions.

In closing, the panelists offered practical guidance for firms and regulators. Panelists urged regulators to be more transparent about the differences across jurisdictions so that managers can make informed cost-benefit assessments. The panelists also emphasized the importance of regulators being mindful of the potential disproportionate impact of regulation on small and mid-sized firms. They separately encouraged firms to adopt a principled approach, anchoring compliance strategies to the underlying motivations of each regulatory regime and building adaptable frameworks that can accommodate change over time.

Session I: Chief Compliance Officers' Roundtable:

A SMORGASBORD OF COMPLIANCE MANAGEMENT IN 2026

Moderator: Kenneth Fang, Associate General Counsel, Investment Company Institute
Speakers: Kevin Bopp, Senior Vice President & Head of Investments Compliance, New York Life Investment Management LLC
Deidre Downes, Managing Director and CCO, Morgan Stanley Investment Management Inc.
Victor Frye, Chief Compliance Officer, ProShare Advisors LLC
Randy Olson, Chief Compliance Officer, US Funds & ETFs, Dimensional Fund Advisors LP

The panel opened with an audience poll asking which area is currently taking the most compliance time at member firms. The top responses were technology and AI, followed by private and less liquid assets. The panel then identified the biggest compliance focuses for their firms, which included increasing complexity and ensuring that controls and disclosures are keeping pace, new products and emerging technology, including the need to stay aligned with the business despite the fast pace of change, the importance of a robust process for valuation of less liquid assets, and the challenge of maintaining a firm's existing day to day compliance program while simultaneously keeping educated on new product types and other developments.

The panelists then shared recent compliance lessons learned, including increased use of data and technology to support compliance, the development of AI guardrails, including internal governance and employee guidelines, the importance of reviewing communications policies with a focus on controls, escalation, and reporting, and the creation of a centralized testing and monitoring function with a dedicated group of testers.

The panel then turned to private and less liquid assets, noting the need for new investors in private assets to understand the infrastructure required for daily valuations and the mechanics of managing retail redemption dynamics. They emphasized the importance of strong valuation policies and procedures, including key elements such as a robust internal valuation control function combined with strong oversight and back-testing of third-party vendors and their models.

The panel next addressed tokenization and related developments, particularly with respect to tokenized share classes of money market funds. For one panelist's firm, the tokenization occurs on a third-party platform, which required the firm to be comfortable with third-party risk across areas such as AML/KYC, cybersecurity, and fraud. Another new product type, ETF money market funds that are available to stablecoin issuers, requires understanding not only SEC regulations, but also the GENIUS Act and CFTC regulation.

The panel then discussed the use of artificial intelligence and technology. A poll of the audience revealed that some firms are using AI for marketing and advertising review or other purposes such as testing, while others have not yet adopted it in a significant way. One panelist described

early success in using AI as a tool to design compliance program tests and compare policies to flag differences. The panelists emphasized proper training, diligence on systems before deployment, and selective disabling of certain features.

Before wrapping up, the panel discussed emerging and current topics, including state data privacy laws, ETF share classes, the risks around employee participation in prediction markets, and proxy voting and proxy advisory firms, with the panel reminding the audience that firms cannot outsource their fiduciary duty to vote proxies and that advisors are not always required to vote every proxy.

Session J: Inside the General Counsel's Office:

MANAGING CHANGE, PEOPLE AND TECHNOLOGY

Moderator: Erica Evans, Associate General Counsel, Investment Company Institute
Speakers: George Djurasovic, General Counsel, Principal Global Investors, LLC
Jay Jackson, Chief Legal Officer, Thrivent
Ryan G. Leshaw, Executive Vice President, Deputy General Counsel, PIMCO LLC
Lisa Price, General Counsel, Harding Loevner LP

The panel discussed practical approaches to navigating regulatory change, managing in-house legal departments, collaborating with and advising compliance and business partners, and evaluating technology solutions.

The panel began with a warning that a general counsel's life is busy, forcing them to address multiple different issues at once. To the extent the general counsel also serves in another capacity, such as the chief compliance officer, it is important to remember which hat you are wearing at any given time.

In response to a polling question, the audience indicated that adoption of new technology is the biggest concern, ahead of new products, managing regulatory change and resource constraints. The impact of AI was of particular concern, with the panel describing the ways AI may be used and the challenges of ensuring that AI usage is governed and monitored. Before implementing AI tools more broadly, the panel recommended testing the tools in limited ways to ensure you understand the technology and the risks. When AI tools are rolled out to larger groups within the organization, training and governance should be paramount. The panel added that it is important to have anchors such as protecting investors and abiding by fiduciary principles.

The panel acknowledged that while the pace of regulatory change has slowed, managing the sheer volume of rule proposals and guidance remains challenging, especially where previously issued rules or guidance are being revised, reproposed or delayed. The panel recommended prioritizing regulatory issues that will have the biggest impact on your business. It is important to leverage outside expertise when possible and to pay close attention to the implementation of new rules and processes.

Other topics considered by the panel included how to manage risks around privacy and personal information, how best to make use of outside counsel, and how to have effective relationships with product teams. With respect to outside counsel, subject matter expertise should be a given. What sets outside lawyers apart is knowledge of your business and a willingness to step into someone else's shoes in working through problems. When it comes to working with product teams, it's important to be a good business partner by fostering cooperation and getting buy-in from all interested parties. When advising on novel or complex products, it is important for lawyers to bring practical insights into how the products might present regulatory challenges, while at the same time working to be a problem solver where possible.

The panel emphasized the importance of knowing what you don't know and not trying to be a subject matter expert in all things. They also reminded participants to be good communicators and responsive to the needs of the business, while not losing sight of the goal of protecting the firm and investors.

General Session: Democratizing Access to Private Markets

Moderator: Kevin Ercoline, Associate General Counsel, Investment Company Institute
Speakers: Patrick Arey, Custom Solutions Director, Empower
Ryan Brizek, Partner, Simpson Thacher & Bartlett LLP
James Hannigan, Partner, Apollo Global Management, Inc.
Anna Paglia, Executive Vice President & Chief Business Officer, State Street Investment Management
Kevin Walsh, Principal, Groom Law Group, Chartered

This session addressed the convergence of public and private markets and expanding access to private market investments for retail investors. Mr. Ercoline introduced the panelists and questioned whether retail investors can truly replicate a "buy the market" strategy without access to private offerings.

Ms. Paglia noted the ongoing evolution of asset classes and observed that optionality through private markets represents the next phase of client service. She stated that even a 10% allocation to private markets provides meaningful outcomes while maintaining a liquidity profile appropriate for a mutual fund. Mr. Hannigan discussed the growth in global private market assets under management, noting the significant increase in non-bank lending since the passage of Dodd-Frank. Additionally, because companies are choosing to stay private longer, index investments have come to represent a less diversified and more concentrated portion of the economy.

The panelists discussed the Executive Order "Democratizing Access to Alternative Assets for 401(k) Investors," noting that access to private markets leads to a stronger lifetime income stream for plan participants. Allocations to private markets by state and local defined benefit (DB) pension plans have grown meaningfully and the number of regulated funds providing private market access continues to grow, spanning interval funds, tender offer funds, listed business development companies (BDCs), and unlisted BDCs.

Mr. Brizek discussed the various product structures available for delivering private market exposure to retail investors. He discussed certain questions an adviser should ask when determining an appropriate wrapper and commented on the limitations of each structure.

Mr. Arey noted that defined contribution (DC) plans represent a massive piece of the retirement universe and discussed the considerations for how private market investments function within a DC framework geared toward daily liquidity. He stated that collective investment trusts (CITs) have become a dominant vehicle on recordkeeping platforms, due to their pricing flexibility. Mr. Arey explained that CITs have multiple layers of liquidity and a professionally managed structure with layers of fiduciary oversight inherent in the way they operate. Ms. Paglia acknowledged CITs are easier to customize and that it makes sense investors are migrating to them, adding that CIT wrappers are predominantly used by large employers.

Mr. Hannigan noted his belief that the private credit market is on sound footing but raised structural questions around limited liquidity, emphasizing the importance of ensuring investors understand the periodic repurchase nature of these products. Mr. Brizek discussed the guardrails applicable to retail-accessible private market products, commenting on regulatory requirements under Rules 23c-3 and 2a-5 under the 1940 Act. He noted the

updated co-investment relief emphasized the need for regulatory reform given the changing market.

Ms. Paglia discussed State Street's partnership with Apollo and the launch of the IG Public & Private Credit ETF. She noted that, over time, her team concluded that "core" and "core plus" strategies were outdated because they do not benefit from additional yields available from private credit. She stated that State Street decided to partner with Apollo, combining State Street's ETF, capital markets, and liquidity expertise with Apollo's position as a leading global private credit underwriter. She noted the correlation between liquidity and valuation and discussed how State Street manages both within the ETF.

General Session: How to Foster an Ethical Culture

Moderator: Rachel Graham, Associate General Counsel and Corporate Secretary, Investment Company Institute
Speakers: Peter Germain, EVP and Chief Legal Officer, Federated Hermes
Katie Daniels, Director of Ethics, Compliance & Insights, Ropes & Gray LLP
Philip Wellman, Head of Mutual Fund and Institutional Advisory Compliance, Massachusetts Mutual Life Insurance Company

Ms. Graham opened the session by noting that a number of studies have concluded that companies with the strongest ethical cultures outperform across all metrics. The panel discussed the importance of defining ethical culture, noting that compliance encompasses the rules of the game while ethics encompasses how you do business and the expectations you set for your teams. The key principles of an ethical culture include: (i) operating with integrity, meaning doing what you say you are going to do so that others can rely on you, (ii) partnership, reflecting the interconnected web of employees, regulators, and counterparties, and (iii) delivering what you say you are going to deliver within the best of your abilities.

An ethical culture provides an environment in which people feel comfortable doing the right thing and raising issues when they arise. The challenges posed by generational workforce turnover and hybrid and remote work arrangements will require firms to consider how to assimilate the next generation into an existing culture.

Firms need employees to feel comfortable speaking up when something is going wrong, especially where there are unseen factors, including that employees may be unaccustomed to dealing with difficult problems, concerned about their jobs, and highly attuned to how others have been treated when raising issues.

Next, the panel described "tone at the top" as whether people in leadership roles act in accordance with what they say, whether they are approachable and whether they acknowledge and celebrate people who do the right thing. For many employees, the "top" is not the CEO but their immediate supervisor or their supervisor's boss, which suggests that leaders at all management levels need to be present with their teams, listen, and demonstrate ethical leadership, particularly since the team is the fundamental unit of a business organization. The panel cautioned that the nature of a team to have defined objectives, an insular focus, and team-specific incentives that can create a silo in which small but poor judgment calls can compound into significant problems.

The panel then discussed the standards and expectations applicable to attorneys conducting internal investigations, whether as in-house or outside counsel, emphasizing the importance of conducting investigations thoroughly and promptly. They stressed the need for neutrality in investigations and the importance of Upjohn warnings, under which attorneys must clearly explain to interviewees that they represent the company, that privilege belongs to the company, and that anything the employee says may be used by the company in furtherance

of the legal matter. The panel added a cautionary note regarding the use of AI in the investigatory process, warning that there should be an expectation about loss of privilege on any notes or records fed into an AI tool.

The panel noted that it is critical for leaders to be mindful of how they react when people bring bad news, encouraging leaders to give undivided attention, to remain neutral, and not to break confidentiality, even before a matter is escalated to a formal process. They then stressed the importance of celebrating people who help the company stay within the guardrails, including compliance, legal, and operations professionals who identify and fix issues, rather than celebrating only fund outperformance and sales. They added that there are two tiers of a speak-up culture: the structural tier, which includes formal policies, hotlines, and posted signs, and the individual tier, which is whether employees have a genuine level of comfort with those policies and processes. In-person training is an important way to let employees know who you are and that you are approachable. Managers need to be attuned to the fact that a conversation may be high stakes for the employee even if it does not seem so to them, and should acknowledge the significance of the conversation to the employee. Finally, the panel reinforced the importance of transparency, treating every person, including wrongdoers, with respect, and remembering that the role of the investigator is to get the facts, not to serve as prosecutor or judge.

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