

**MEMO# 30787**

July 20, 2017

## **ICI Submits Recommendations to SEC Chairman Clayton on SEC's Liquidity and Fund Reporting Rules**

[30787]

July 20, 2017 TO: ICI Members

Investment Company Directors SUBJECTS: Compliance

Cybersecurity

Disclosure

Fund Accounting & Financial Reporting

Fund Governance

Investment Advisers

Operations

Portfolio Oversight

Risk Oversight RE: ICI Submits Recommendations to SEC Chairman Clayton on SEC's Liquidity and Fund Reporting Rules

ICI submitted the attached letter to SEC Chairman Clayton today, requesting that the SEC take action to refine and phase in discrete yet impactful elements of two sets of recently adopted rules: the liquidity risk management program and the fund reporting rules.

The SEC adopted both sets of rules in October 2016.[\[1\]](#) ICI's letter explains that based on ICI's work with members in implementing these rules, we have deep concerns about the industry's ability to meet the compliance deadlines. Also, efforts to implement the rules have reinforced our belief that the SEC needs to re-examine the asset classification element of the liquidity rule and the required frequency of portfolio holdings reporting.

The letter requests that the SEC:

- Adjust the compliance schedule for the liquidity rule's asset classification and related requirements as soon as possible, providing the SEC with time to propose and finalize targeted rule amendments. Rule amendments should permit each fund to formulate its own policies and procedures to determine how to classify the liquidity of its investments.
- Even if the SEC determines not to pursue the recommended amendments, adjust the compliance schedule for the current liquidity rule and related reporting requirements by at least one year.

- Require quarterly (instead of monthly) reporting of portfolio holdings on Form N-PORT until the SEC can address information security concerns adequately.
- Even if the SEC determines to retain the monthly reporting requirement for portfolio holdings, delay the compliance dates for the Form N-PORT and Form N-CEN filing requirements for at least six months.

We will continue to engage with the SEC on these critical rule sets, and keep you apprised of developments.

Dorothy M. Donohue  
Acting General Counsel

Sarah A. Bessin  
Associate General Counsel

Gregory M. Smith  
Senior Director, Fund Accounting and Compliance

Matthew Thornton  
Assistant General Counsel

Kenneth Fang  
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## [Attachment](#)

### **endnotes**

[1] *Investment Company Reporting Modernization*, SEC Release No. IC-32314 (Oct. 13, 2016), available at [www.sec.gov/rules/final/2016/33-10231.pdf](http://www.sec.gov/rules/final/2016/33-10231.pdf); *Investment Company Liquidity Risk Management Programs*, SEC Release No. IC-32315 (Oct. 13, 2016), available at [www.sec.gov/rules/final/2016/33-10233.pdf](http://www.sec.gov/rules/final/2016/33-10233.pdf). See Institute Memoranda Nos. [30331](#) and [30334](#), each dated October 21, 2016, for detailed summaries of these rule sets.