

**MEMO# 31172**

April 18, 2018

## **SEC Staff Provides Comments on Compliance with Regulation S-X Amendments**

[31172]

April 18, 2018 TO: ICI Members SUBJECTS: Audit and Attest Disclosure

Fund Accounting & Financial Reporting RE: SEC Staff Provides Comments on Compliance with Regulation S-X Amendments

On February 20, 2018 SEC staff from the Division of Investment Management provided comments to the AICPA Investment Companies Expert Panel on funds' compliance with recent amendments to Regulation S-X that were adopted as part of the October, 2016 fund reporting modernization rules.<sup>[1]</sup> The AICPA Investment Companies Expert Panel has prepared a summary of the SEC staff comments and posted the summary to its website.<sup>[2]</sup>

The amendments to Regulation S-X are effective for periods ending after August 1, 2017. Since that time, the SEC staff has performed a targeted review of funds' compliance with the amendments and observed inconsistent implementation for certain disclosure requirements. The staff observed variation in four areas: 1) agreement of the Article 12 schedules to the balance sheet, 2) the Rule 12-14 investments in affiliates schedule, 3) disclosures for variable rate securities, and 4) custom basket disclosures for swaps and written options. The summary describes the disclosure requirement in these four areas and SEC staff expectations.

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### **endnotes**

<sup>[1]</sup> See ICI Memorandum No. 30331, dated October 21, 2016 *available at* [https://www.ici.org/my\\_ici/memorandum/memo30331](https://www.ici.org/my_ici/memorandum/memo30331).

<sup>[2]</sup> The summary of SEC staff comments is *available at*

<https://www.aicpa.org/content/dam/aicpa/interestareas/frc/industryinsights/downloadabledocuments/inv/inv-ep-minutes/inv-ep-february-2018-meeting.pdf>

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