

MEMO# 30847

August 22, 2017

Updates to ICI's Liquidity Risk Management Program Rule Resource Center

[30847]

August 22, 2017 TO: Accounting/Treasurers Committee
Chief Compliance Officer Committee
Chief Risk Officer Committee
Derivatives Markets Advisory Committee
ETF (Exchange-Traded Funds) Committee
ETF Advisory Committee
Fixed-Income Advisory Committee
Investment Advisers Committee
Municipal Securities Advisory Committee
Operations Committee
SEC Rules Committee
Small Funds Committee
Unit Investment Trust Committee
Variable Insurance Products Advisory Committee RE: Updates to ICI's Liquidity Risk Management Program Rule Resource Center

The SEC adopted a liquidity risk management program rule and related disclosure and reporting requirements for mutual funds and open-end ETFs in October 2016.[\[1\]](#) In response, ICI has created a Liquidity Risk Management Program Rule Resource Center, fully accessible to ICI members who have logged in to the ICI website.[\[2\]](#) Recent additions to this Resource Center include the following:

- ICI's July letter to SEC Chairman Clayton, recommending that the SEC:
 - Delay 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 (with these rule amendments permitting each fund to formulate its own policies and procedures to determine how to classify the liquidity of its investments).
 - Delay the compliance schedule for the liquidity rule and related reporting requirements by at least one year, even if the SEC determines not to pursue the recommended amendments.

- Require quarterly (instead of monthly) reporting of portfolio holdings on Form N-PORT until the SEC can address information security concerns adequately.
 - Delay the compliance dates for the Form N-PORT and Form N-CEN filing requirements for at least six months, even if the SEC determines to retain the monthly reporting requirement for portfolio holdings.
- Two sets of FAQs (related to general program requirements, sub-advised fund issues, and ETFs) that ICI prepared with assistance from its Liquidity Rule Implementation Working Group and submitted to the SEC staff for its consideration in August (to date, the SEC staff has not issued FAQs on the liquidity rule; we will link to them once it does).
 - Additional internal questions and answers (prepared by ICI staff with assistance from its Liquidity Rule Implementation Working Group) that are meant to be a member resource.

The Liquidity Rule Implementation Working Group includes representatives across disciplines from many ICI member firms, and meets by phone at least monthly. We are hosting an in-person meeting of this Working Group on September 14, which will include participation from the SEC staff and vendors. We are at capacity for this meeting, but members not already registered to attend in person can participate telephonically. If you wish to join the Working Group or participate telephonically at the September 14 meeting, please contact Helenia Walker (helenia.walker@ici.org).

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endnotes

[1] *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. See Institute Memorandum No. 30334, dated October 21, 2016, for a detailed summary of the liquidity rule and related requirements.

[2] Available at www.ici.org/liquidity. In addition to the new items outlined in this memorandum, the Resource Center includes working group call agendas, an archived webinar from February, ICI memos and comment letters, links to audio or video of conference panels (with related materials) on the liquidity rule, and other materials.