

MEMO# 30477

December 13, 2016

ICI's 2017 Implementation Initiatives for SEC's Enhanced Fund Reporting, Liquidity Risk Management, and Swing Pricing Reforms

[30477] December 13, 2016 TO: Accounting/Treasurers Committee
Chief Compliance Officer Committee
Chief Risk Officer Committee
Closed-End Investment Company Committee
Derivatives Markets Advisory Committee
End Of Day Pricing Forum
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: ICI's 2017 Implementation Initiatives for SEC's Enhanced Fund Reporting, Liquidity Risk Management, and Swing Pricing Reforms

As we previously reported, the SEC adopted three major regulatory reforms in October 2016. In particular, the SEC adopted new rules and amended existing rules to enhance transparency and modernize fund reporting.[\[1\]](#) In addition, the SEC adopted a liquidity risk management program rule and related disclosure requirements for mutual funds and open-end ETFs.[\[2\]](#) Finally, the SEC adopted rule amendments that will permit, but not require, mutual funds to use swing pricing, along with related disclosure requirements.[\[3\]](#)

These new forms, rules, and rule amendments will require fund complexes to commit significant time and resources to implementation. ICI is actively assisting members in their implementation efforts, and plans to take the following steps in 2017 to assist members in complying with the new rules, as described below.

Working Groups

ICI is establishing distinct working groups related to each initiative: enhanced fund

reporting, liquidity risk management, and swing pricing. The groups will meet periodically by phone, and each will provide a forum for members to discuss legal, compliance, and operational issues that they encounter during implementation. The swing pricing working group in particular will help members explore the operational feasibility of swing pricing in the US, and includes members, intermediaries, service providers, and DTCC.[\[4\]](#)

Additionally, the SEC staff has expressed a willingness to publish FAQs on these final rules. ICI will work with members through the working groups to consider questions to present to the staff, along with proposed responses. Finally, the working groups will provide forums for discussing other initiatives that would be helpful to ICI members (e.g., webinars on more targeted topics).

Webinars

ICI will host a series of webinars in 2017 (which will be free for members), with the first three providing overviews of each topic, as follows:

- January 12, 2017 (2:00 pm ET): This webinar will provide a basic primer on how swing pricing works (as contemplated by the SEC's rule amendments), and address generally the operational issues that the fund industry must address to implement swing pricing. Additional information, including a registration link, is available at www.ici.org/events/upcoming/webinar_17_ici_jan_12.
- February 23, 2017 (2:00 pm ET): ICI and IDC will co-host a webinar describing the key elements of the liquidity risk management program rule, with an emphasis on the fund board's responsibilities.
- March 29, 2017 (2:00 pm ET): This webinar will provide an overview of the enhanced fund reporting requirements, and a discussion of some of the key implementation challenges firms are facing.

Throughout the remainder of 2017, we will continue our webinar series with deeper examinations of more significant or challenging aspects of the rules. These topics will be determined in part by suggestions that we receive during our working group calls. We will provide additional details for these webinars (e.g., times and speakers) as they become available.

Resource Centers

In the coming weeks, we will have a dedicated Resource Center on the ICI website for each topic. Each will contain relevant materials that will assist members in understanding the topic and implementing the new requirements. Items will include links to SEC releases and other regulatory materials; ICI comment letters and memoranda to members; questions members have asked related to the rules along with SEC staff responses if available; conference materials, including links to the audio of the ICI's November 2016 one-day forum on the new rules and relevant panels from our December 2016 Securities Law Developments Conference; and archived webinars.

Committee Meetings

We will continue to address these topics at relevant ICI Committee meetings. These committee meetings will provide valuable opportunities for ICI staff and member attendees to discuss concerns, challenges, and successes related to implementation.

Contact Persons

The primary ICI contacts for the three initiatives are as follows:

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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. See Institute [Memorandum No. 30331](#), dated October 21, 2016, for a detailed summary of these new enhanced fund reporting requirements.

[2] *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

risk management program rule and related disclosure requirements.

[3] *Investment Company Swing Pricing*, SEC Release No. IC-32316 (Oct. 13, 2016), available at www.sec.gov/rules/final/2016/33-10234.pdf. See Institute [Memorandum No. 30333](#), dated October 21, 2016, for a detailed summary of the swing pricing amendments and related disclosure requirements.

[4] ICI has published a new white paper, *Evaluating Swing Pricing: Operational Considerations*, November 2016, available at www.ici.org/pdf/30436a.pdf.

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