

MEMO# 35454

September 27, 2023

Effects of Potential Government Shutdown on the SEC and Entities It Regulates

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TO: ICI Members
Accounting/Treasurers Committee
Chief Compliance Officer Committee
Closed-End Investment Company Committee
Disclosure Working Group
Investment Advisers Committee
Operations Committee
SEC Rules Committee
Small Funds Committee SUBJECTS: Closed-End Funds
Compliance
Disclosure
Fund Accounting & Financial Reporting
Fund Governance
Investment Advisers
Litigation & Enforcement
Operations
Technology & Business Continuity
Trading and Markets RE: Effects of Potential Government Shutdown on the SEC and Entities It Regulates

A shutdown of the federal government could begin if Congress cannot agree on new appropriations beyond September 30, 2023.

The SEC's July 2023 "Operations Plan Under a Lapse in Appropriations and Government Shutdown"[\[1\]](#) describes the SEC's current plan for operating in the event of a lapse in appropriations that results in an SEC shutdown. While it could be superseded by additional information from the SEC in the coming days, we believe it provides a useful starting point in considering how a shutdown could affect the SEC and the entities that it regulates (including funds and advisers).

The document states generally, "In the event the SEC shuts down, the Commission will

have only an extremely limited number of staff members available to respond to emergency situations involving the safety of human life or the protection of property, including law enforcement. Certain Commission systems will be operating under modified conditions."

Of particular relevance, Section 12 summarizes major SEC functions that would continue during a lapse in appropriations. It lists and offers additional details about the following, among others: EDGAR and filer support;^[2] the IARD system; CRD and Transfer Agent Registration systems; acceptance of comment letters and public input (posting of these materials, however, would be delayed); mail processing; and (limited) enforcement, litigation, and examinations activity. This section also provides relevant SEC emergency contact information.^[3]

Section 13 summarizes major SEC functions that would be discontinued during a lapse in appropriations. It lists and offers additional details about the following, among others: enforcement, litigation, and examinations activity (as a general matter); reviews and approvals of filings and registrations by registrants and regulated entities; and non-emergency rulemaking, non-emergency interpretive advice, staff no-action letters, and processing new or pending applications for exemptive relief.

Please see the document for additional detail.

ICI continues to monitor developments and will keep you apprised of relevant information if a shutdown occurs.

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Notes

^[1] Available at:
<https://www.sec.gov/files/sec-plan-operations-during-lapse-appropriations.pdf>.

^[2] This item states in full: "The Commission's EDGAR system is operated pursuant to a contract and thus will remain fully functional as long as funding for the contractor remains available through permitted means. SEC personnel will be able to process requests for EDGAR access codes and password resets and answer questions about fee-bearing EDGAR filings and other emergency questions regarding EDGAR submissions. However, the Divisions of Corporation Finance, Investment Management, Trading and Markets, and Examinations will be unable to process filings, provide interpretive advice, issue no-action letters or conduct any other normal Division and Office activities. As a result, new or pending registration statements or applications for exemptive relief will not be processed regardless of the status of any review of those filings."

^[3] During a shutdown, the Chief Counsel's Office within the Division of Investment Management can be reached at (202) 551-6825, or IMOCC@sec.gov. However, this office would be responding only to emergencies (i.e., safety of life or the protection of property).

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