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January 15, 2016

Quick Take: ICI Response to SEC's Liquidity Management Proposal

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The SEC's Proposed Minimum Liquidity Levels Could Harm Investors

Among other things, the SEC's proposed liquidity minimum could impede funds' ability to take advantage of favorable market opportunities and to accurately track investment objectives. ICI favors a tried-and-true approach that would allow funds to establish a liquidity target that is subject to fund board oversight.

A Better Approach: Build Liquidity Risk Management Programs Around Proven Industry Practices

Liquidity risk is too multifaceted, and attempts to monitor and manage it are too diverse, to be classified under the uniform approach suggested by the SEC. ICI's General Counsel, David Blass, describes a better approach, which involves building new rules around the proven liquidity classification methods already widely used by the industry.

Additional Resources

- *Focus on Funds*: The SEC's Liquidity Proposal: Good Goals, Unintended Consequences
- Release: ICI Supports Establishing Formal Liquidity Risk Management Programs for Funds
- *ICI Viewpoints*: Liquidity Risk Management Must Be Done Right
- *ICI Viewpoints*: The SEC's Liquidity Proposal: Good Goals, Unintended Consequences
- Frequently Asked Questions About Mutual Fund Liquidity