

VIDEO

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Focus on Funds: ICI Helps Members Prepare for New Liquidity Management Rule

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Asset managers are preparing to comply with a complicated new SEC rule governing liquidity risk management. In the October 27, 2017, edition of *Focus on Funds*, ICI Assistant General Counsel Matt Thornton explains how ICI is helping members comply with the new rule.

Transcript

Stephanie Orbals-Tibbs, media relations director, ICI: US-based funds and their investors face significant changes as the US Securities and Exchange Commission prepares to implement its liquidity management rules. These rules stand to have a significant impact on the industry and recently I caught up with ICI Counsel Matt Thornton, to learn what the ICI has asked of the SEC and how we're assisting members in responding.

Matt Thornton, ICI assistant general counsel, securities regulation: Because it's so important to the industry, we've continued our engagement with the SEC, even though the rule has been adopted. There's much in the rule that we like and absolutely believe should go forward. However, in the July letter to Chairman Clayton, we point out that the bucketing requirements in particular are going to be a real challenge to the industry, and [do] not really add much to fund managers' understanding of liquidity or risk generally.

In the same letter, we recommend that while the SEC is reexamining the bucketing, let's put a delay in place, let the industry press pause—at least on that aspect of the rule—keep working for compliance with the rest, so that when the time comes, we have a workable rule that really does do what the SEC set out.

We also point out in the letter that even if they don't reopen the rule, the industry is going to need a delay, because as it stands now, there is no simple turnkey solution that lets funds bucket in the rule-compliant way. And that's creating a real bottleneck to the

implementation process.

Ortbals-Tibbs: Matt, considering the size of this task, how is ICI helping its members respond to this?

Thornton: Well, it's certainly the SEC engagement. We've submitted [the letter](#) and we'll continue to work with the staff in ways to clarify the rule and make it more workable.

But at the same time, we are working with members toward implementation on the current, very aggressive, timeline that the SEC has put in place. So, that has included things like in-person liquidity working group meetings, frequent calls—usually one or two a month. We've dealt with the issue at every conference since the rule was adopted. We've done a webinar, and all of the information is pulled together on [our resource page](#) for members.

Additional Resources

- [Liquidity Risk Management Program Rule Resource Center](#)
- [ICI's Recommendations on Liquidity Risk Management and Fund Reporting Requirements](#)
- Learn more at ICI's [2017 Securities Law Developments Conference](#) on December 7

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