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SEC Adopts Rules to Modernize Investment Companies' Reporting, Enhance Liquidity Risk Management, and Permit Swing Pricing

WHAT HAPPENED?	<p>On October 13, 2016, the SEC voted to modernize the information reported by registered investment companies, improve liquidity risk management by open-end funds, and authorize mutual funds to use swing pricing. These new rules are intended to promote strong transparency provisions for the asset management industry and provide more detailed information to investors about fund holdings.</p>
WHAT ARE THE IMPLICATIONS?	<p>The SEC's rules will establish the following requirements for registered investment companies:</p> <ol style="list-style-type: none">1. Portfolio Reporting – Registered funds must file a monthly portfolio reporting form (Form N-PORT) that will be made available to the public after 60 days. This form provides portfolio-wide and position-level holdings data in a structured data format.2. Census Reporting – Registered funds must file an annual reporting form (Form N-CEN) within 75 days of the fund's fiscal year end. The form outlines certain census-related information in a structured data format and will require additional disclosures related to exchange-traded funds and securities lending.3. Increased Securities Lending Disclosures – Disclosures must be enhanced and standardized in financial statements. Fund registration statements will require new disclosures regarding exchange-traded funds' securities lending activities, including any associated income and / or fees.4. Liquidity Risk Management Programs – Rule 22e-4 will require open-end management investment companies to create liquidity risk management programs. Money market funds will be exempt from all requirements while "in-kind ETFs" are exempt from specific requirements.5. Swing Pricing - Mutual funds will be allowed to adjust a fund's net asset value to pass on to purchasing or redeeming shareholders' costs connected with their trading activity.

**WHAT DOES
THIS MEAN
FOR ME?**

Registered investment companies and their advisers and sub-advisers are encouraged to review how the reporting requirements, liquidity risk management program, and swing pricing might apply to their business.

The new rules and forms will be published in the *Federal Register* and on the SEC's website. Please contact Fairview with any questions or concerns you have regarding your firm's compliance with these requirements.

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Sources: [SEC Rules on Information Reported by Funds, Liquidity Risk Management Program, and Swing Pricing](#)