

# SEC Votes to Modify Compliance Date for Open-End Fund Liquidity Classification

### FOR IMMEDIATE RELEASE

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*Washington D.C., Feb. 21, 2018* — The Securities and Exchange Commission today voted to extend by six months the deadline by which open-end funds must comply with certain elements of the Commission's liquidity risk management program rule.

The new compliance date will provide funds additional time to complete implementation of the final rule's classification requirement, along with specified other elements that are tied to the classification requirement. Other provisions of the rule that provide important investor protection benefits, including the requirements to adopt a liquidity risk management program and to limit illiquid investments to 15 percent of the fund's portfolio, will go into effect as originally scheduled.

The Commission adopted the open-end fund liquidity rule in October 2016, in an effort to promote effective liquidity risk management programs in the fund industry. Management of liquidity risks is important to funds' ability to meet their statutory obligation — and their investors' expectations — regarding redemption of their shares. Since adoption, staff has engaged in extensive outreach to identify any potential issues associated with the effective implementation of the rule.

Chairman Jay Clayton stated, "Today's Commission action is a measured step designed to help preserve key market oversight and investor protection benefits of the Commission's liquidity rule, while addressing certain concerns that have been raised since adoption. I expect that our action will promote a smoother and more effective implementation process for the rule. I appreciate the valuable engagement with stakeholders we have received thus far, and welcome further engagement, particularly from fund investors, as the implementation process continues."

Pursuant to today's rule, the compliance date for implementation of the classification and classification-related elements of the liquidity rule is June 1, 2019, for larger fund groups, and Dec. 1, 2019, for smaller fund groups. The other requirements will go into effect as originally scheduled: Dec. 1, 2018, for larger fund groups, and June 1, 2019, for smaller fund groups.

Commission staff also today issued an additional set of FAQs related to the liquidity rule, focusing on questions that have arisen with respect to the liquidity classification process. These FAQs should provide additional clarity to funds as they implement the final rule during the additional time that the Commission provided.

Finally, the Commission anticipates considering in the future proposed amendments to Form N-PORT and Form N-1A related to disclosures of liquidity risk management for open-end management investment companies.

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