

# SEC Modernization in Plain English

## Decoding the regulation

Practical points on managing SEC Modernization

[dfsco.com](http://dfsco.com)

**Pepper Hamilton LLP**  
Attorneys at Law



## CONTENTS

02  
INTRODUCTION

03  
OVERVIEW OF THE RULE

06  
COMPLIANCE DATES

07  
NEW FORM N-PORT

09  
NEW FORM N-CEN

10  
REGULATION S-X AMENDMENTS

12  
AUTHORS

# Introduction

On October 13, 2016, the Securities and Exchange Commission (SEC) issued its final Investment Company Reporting Modernization rules and forms for the reporting and disclosure of information by registered investment companies. With the publication of this 597-page release, the SEC ended nearly 17 months of speculation about the shape the final rules would assume. The adoption of the final rules also means that registered investment companies and their service providers can begin the hard work of devising tools and creating solutions for the reporting challenges that lie ahead.

Although the industry has had to come to terms with sweeping rule changes in the past, this particular change brings new and unique challenges with it. Among the most difficult challenges is the task of collecting considerably more data at shorter intervals and then filing that data according to a more demanding timetable. In addition, there is a new taxonomy that includes new and different derived data, an increasing need for timely validations and sign-offs, and demands to derive data from multiple sources. Recognizing these challenges, Donnelley Financial Solutions (DFS) is working on a unique set of reporting tools with an integrated data platform that can keep pace with the regulatory changes that the industry is facing. Central to this solution are more efficient data collection and new, improved validation and workflow processes. DFS has also forged partnerships with external data providers to create a truly holistic solution for its clients.

Following is a summary of the Investment Company Reporting Modernization rule. Donnelley Financial Solutions has partnered with Pepper Hamilton, which provided a thorough technical update and summary of the new forms and rules, complete with a detailed list of reporting changes and compliance dates. In addition, DFS is furnishing a high-level roadmap for registered investment companies to meet the new requirements for incremental reporting in the most efficient and least burdensome ways possible. The focus of this summary is primarily on Form N-PORT, which, as discussed in detail below, requires investment companies to report information not previously required and at more frequent intervals.

—Donnelley Financial Solutions

# Overview of the rule

On October 13, 2016, the U.S. Securities and Exchange Commission (“SEC”) adopted new rules and amended certain existing rules (together, the “Reporting Rules”) with the intent to modernize and increase the transparency of registered investment company reporting to better monitor and assess risk at a fund-specific level, manage counterparty risk, and generally reduce systemic risk in the fund industry.<sup>i</sup> The SEC determined that the new reporting rules are necessary to address the rapid changes in the business of, and technology used by, registered investment companies and their advisers. The SEC believes this additional information will facilitate risk analyses and other testing performed by SEC staff. These new rules and amendments were first proposed in May 2015.<sup>ii</sup> They are part of a larger package of new rules and existing rule amendments that the SEC hopes will present the SEC staff and investors with additional and better quality information about fund holdings. The rule was adopted substantially as proposed with one major exception; that one of the four rules initially proposed, Rule 30e-3, was not adopted in the final rule.<sup>iii</sup>

Over the last twenty years, the fund industry has seen the development of new products structures, such as exchange-traded funds (“ETFs”), new fund types, such as target date funds with asset allocation strategies, and increased its use of derivatives and other alternative strategies. According to the Adopting Release for the Reporting Rules, the SEC believes that information that funds are currently required to report lags behind significant advances in the technology that can be used to report and analyze information and to assess the relative risks that investors face. The Reporting Rules are intended to bring fund reporting up to date and increase the transparency of disclosed data for both the SEC and investors.

The Reporting Rules introduce new Forms N-PORT and N-CEN, which will replace the Forms N-Q and N-SAR, respectively. In order to facilitate the intended expansion of the volume of information regarding fund portfolio holdings and investment practices that must be disclosed, most of the new information under the Reporting Rules, including these two new forms, must be submitted in extensible markup language (“XML”) format—a structured data format that will contribute to the SEC’s database of information. The SEC has stated that such information obtained will facilitate the Commission and its staff’s oversight of funds and assist

the Commission staff in examination, enforcement, and monitoring, as well as in formulating policy and in its review of fund registration statements and disclosures, including assessing regulatory compliance, identifying funds for examination, and risk monitoring.

XML taxonomy is already required with certain predecessor reports to the N-PORT and N-CEN, making it logical for the SEC to bring the use of XML-based disclosure schema and validation into its reporting modernization initiative. While the compliance dates, discussed in detail below, provide for what seems like ample lead time, funds should consider the technical requirements and complex incremental data requirements of the new rules and plan accordingly for implementation of the process and the automation necessary for the fund to respond to the changing regulations, including risk management and analytical risk metrics, operational and finance functions, the derivation, automation and aggregation of data, new complex analytics and increased internal and external reporting.

## Form N-PORT

The first of the new forms to be filed under Investment Company Reporting Modernization will be N-PORT. All registered investment companies and exchange-traded funds (“ETFs”) organized as unit investment trusts (“UITs”), but not small business investment companies (“SBICs”) and money market funds, will be required to submit Form N-PORT.

Form N-PORT requires the disclosure of a fund’s entire portfolio holdings on a monthly basis no more than 30 days after the close of each month. It additionally requires information about holdings not currently mandated by Forms N-Q or N-CSR. A fund’s fiscal quarter report will be made available to the public and will be released on a 60-day delayed basis, consistent with the public information available on the current Form N-Q; however, some of the information submitted on Form N-PORT will not be made public. Registrants offering multiple series will be required to file separate reports on each series, even if some information is identical for two or more of such series. As with Form N-Q, Form N-PORT must be submitted on the SEC’s Electronic Data Gathering, Analysis, and Retrieval (“EDGAR”) database. The SEC believes that the particular information gathered on Form N-PORT will allow investors and other potential public users (such as third-party service providers) to more efficiently collect, analyze and compare portfolio holdings information.

**DONNELLEY FINANCIAL TAKEAWAY:**

**T+1 and T+0**

- Parts A through E of Form N-PORT should be prepared on the same basis as the fund calculates the month end NAV per share. This generally would be T+1 as permitted by rule 2a-4 of the Investment Company Act of 1940.
- Part F of Form N-PORT is to be filed 60 days after the end of the fund's 1st and 3rd fiscal quarters and must comply with GAAP. Therefore, Part F should be on a T+0 basis.

## Form N-CEN

All registered investment companies, other than face-amount certificate companies, will be required to report updated census-type information to the SEC. Form N-CEN replaces Form N-SAR, which will be rescinded.

As observed by the SEC in the Adopting Release, "in the thirty plus years since Form N-SAR's adoption, changes in the [fund] industry have reduced the utility of some of the currently required data elements."<sup>iv</sup> While Form N-CEN retains many of the disclosure items currently required by Form N-SAR, the SEC believes that obtaining additional information not currently required by Form N-SAR will improve the staff's ability to perform its regulatory functions. The SEC has attempted to streamline reporting on Form N-CEN by eliminating disclosure requirements for information reported elsewhere, as well as information no longer deemed relevant or that provides only minimal benefits to an SEC review but imposes significant costs on funds.

Like Form N-PORT, Form N-CEN must also be filed in XML format on EDGAR. There are a few key differences between the reporting calendar for Form N-SAR and the updated Form N-CEN. Form N-SAR was reported semi-annually within 60 days after the end of a fund's fiscal year and second fiscal quarter,

and annually for UITs 60 days after the close of the calendar year. Form N-CEN requires a fund to file within 75 days of its fiscal year end. A fund with numerous series with varying fiscal year ends must file a separate report including all series of the fund with the same fiscal year end.

A UIT must file one Form N-CEN within 75 days of its year end. Similarly to Form N-SAR, all information on Form N-CEN is publicly available immediately upon filing.

**DONNELLEY FINANCIAL TAKEAWAY:**

**Meeting the expanded data requirements within Form N-PORT**

- Donnelley Financial Solutions has a well-regarded filing tool—ArcFiling—but has historically left the performance of complex calculations to the fund company clients themselves
- To address the challenges of a new taxonomy and more derived data, Donnelley Financial has partnered with an outside provider that will provide taxonomy and derived (or premium) data support, as well as risk metrics calculations on behalf of DFS clients
- Data provided through these partnerships will be fed directly into the N-PORT and N-CEN filings

## Amendments to Forms N-1A, N-3 and N-CSR

The SEC adopted amendments to require standardized disclosure in fund Statements of Additional Information ("SAI") in Forms N-1A and N-3 relating to fund securities lending activity and the impact of securities lending on fund performance, including disclosure of gross and net income from securities lending activities and fees and/or compensation paid by funds in connection with these activities.

A fund must disclose:

- Gross and net income from securities lending activities and related services;
- Fees and/or compensation paid by it in connection with securities lending, in total and also in further detail by specific types; and
- A description of the services provided to the fund by the securities lending agent during the most recent fiscal year.

The fees and compensation are required to be broken down into the following categories:

- Any share of revenue generated by the securities lending program paid to the securities lending agent or agents (the revenue split);
- Fees paid for cash collateral management services, including fees deducted from a pooled cash collateral reinvestment vehicle, that are not included in the revenue split;
- Administrative fees that are not included in the revenue split;
- Fees for indemnification that are not included in the revenue split;
- Rebates paid to borrowers; and
- Any other fees relating to the securities lending program that are not included in the revenue split, including a description of those fees.

The same standardized disclosure is required on Form N-CSR for closed-end funds only. In addition, the SEC adopted

conforming amendments to Forms N-1A, N-3 and Form N-CSR and certain rules under the 1940 Act, including for example, the certification requirements of Form N-CSR.

Effective August 1, 2019, the Form N-Q will be rescinded which creates a gap to the principal executive and financial officers' certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 ("Section 302 Certifications"). To close this gap, the SEC amended the Section 302 Certifications filed with Form N-CSR for a fund's second and fourth fiscal quarters to cover the entire semi-annual period covered by those filings. This amendment to Form N-CSR will be effective on June 1, 2018 for Larger Funds and June 1, 2019 for Smaller Funds as defined in the Compliance Dates chart below.

Concurrently with the adoption of the Reporting Rules, the SEC also adopted the Investment Company Liquidity Risk Management Programs new rule 22e-4 under the 1940 Act that requires open-end funds (other than money market funds ("MMFs")) to adopt liquidity risk management programs and disclose liquidity-related information.<sup>v</sup> Also adopted were Investment Company Swing Pricing amendments to Rule 22c-1 under the 1940 Act that permit, but do not require, open-end funds (other than MMFs and ETFs) to use "swing pricing" to adjust the NAV of fund shares so that purchasing or redeeming investors would bear a portion of the costs of entering or exiting the fund under certain circumstances.<sup>vi</sup> For more information on the additional disclosures required, please see the "N-PORT Disclosure" and "N-CEN Disclosure" sections below.

# COMPLIANCE DATES

On June 1, 2018, complexes with over \$1 billion in assets must begin filing reports on the new forms. On June 1, 2019, funds with less than \$1 billion in assets will be required to file reports. These dates are discussed in more detail below:

## Form N-PORT

	Type of Fund	Definition of Fund Type	Actual Compliance Dates
FORM N-PORT	Larger Funds	Funds and “group[s] of related investment companies” with aggregate net assets of over \$1 billion as of the end of their most recent fiscal year	The compliance date is June 1, 2018. The Adopting Release clarifies that Larger Funds must file their first Form N-PORT, reflecting data as of June 30, by July 30, 2018. Larger Funds will not have to report liquidity-related information until they file Form N-PORT reflecting month-end data as of December 31, 2018, which must be filed by January 31, 2019.
	Smaller Funds	Other funds and fund groups with net assets of less than \$1 billion as of the end of their most recent fiscal year.	The compliance date is June 1, 2019. Thus, Smaller Funds will be required to report all information required by Form N-PORT, including Liquidity-Related Information, beginning with their first Form N-PORT filing on July 30, 2019.

The SEC anticipates making a draft of the EDGAR Technical Specifications documents available in advance and will permit funds to file test submissions during a trial period. The SEC also is requiring that all reports filed on Form N-PORT for the first six months following June 1, 2018 be kept nonpublic. However, portfolio information attached as an exhibit to Form N-PORT for the first and third quarters during the transition period will still be made public. Form N-Q will be rescinded on August 1, 2019.

## Form N-CEN

	Type of Fund	Information Reported	Actual Compliance Date
FORM N-CEN	All Funds	General Compliance Date for All Funds	The compliance date is June 1, 2018 for all funds.
		Change in Fund’s Independent Registered Public Accountant	Effective June 1, 2018, information reporting a change in a fund’s independent registered public accountants is to be filed as an exhibit to Form N-CSR for all funds.
		Swing Pricing Information	Reporting of Swing Pricing Information will be required 24 months after the date amended Rule 22c-1 is published in the Federal Register for all funds.
	Larger Funds	Lending/Borrowing Information	Reporting of Lending/Borrowing Information is required effective December 1, 2018.
	Smaller Funds	Lending/Borrowing Information	Reporting of Lending/Borrowing Information is required effective June 1, 2019.



Note, that Form N-SAR will be rescinded on June 1, 2018, and the SEC did not indicate in the Adopting Release that reportable information is for the next applicable fiscal period end after the compliance date -- indicating that funds should make their last Form N-SAR filing by May 31, 2018. Thereafter, Form N-CEN is due within 75 days of the fund's fiscal year end (75 days after the calendar year end for UITs).

**REGULATION  
S-X  
and Securities  
Lending Activities  
Forms**

The compliance date is August 1, 2017 for all funds for the amendments to Regulation S-X and the amendments to forms relating to securities lending disclosure.

Note, the SEC did not indicate in the Adopting Release that reportable information is for the next applicable fiscal period end after the compliance date -- indicating that shareholder reports and registration statements filed on or after August 1, 2017 should comply with these new disclosure requirements.

Beyond the compliance dates set forth by the SEC, registered investment companies are also interested in ascertaining the dates by which their service providers will have filing tools ready for testing.

**DONNELLEY FINANCIAL TAKEAWAY:**

**N-PORT and  
N-CEN product  
preparedness**

- Donnelley Financial will present the development, implementation strategies and approach to meeting the rigors of N-PORT and N-CEN at its annual user conference, which will be held on June 8, 2017, a full year before the enactment date for the Reporting Modernization rules
- By September 2017, DFS anticipates having its new filing tool complete and ready for testing
- DFS is setting aside approximately ten months for registered investment company clients to test and perform due diligence, an ample window of time to allow for appropriate coordination of a readiness plan by all parties

## NEW FORM N-PORT

Form N-PORT requires detailed information about all portfolio investments, including derivatives, as of the close of each month, as well as information about securities lending activities. Certain debt-concentrated funds will be required to disclose portfolio risk metrics and risk data. Form N-PORT is comprised of the following principal reporting components.

**Part A: General Identifying Information.**

**Practical Point**



A registrant that does not have a Legal Entity Identifier (LEI) will be required to obtain one for itself as the registrant and each of its series.

Other general information, such as CIK number, series identifiers, fiscal year end, etc., is required -- similar to what is currently reported on Form N-Q.

**Part B: Disclosure of Portfolio-Level Information.**

The fund must report information for itself and any consolidated subsidiaries, including:

- **Assets and Liabilities**
- **Portfolio-Level Risk Metrics**
  - Interest rate risk calculations (if the average value of the fund's debt securities positions for the previous three months, in the aggregate, exceeds 25% of the fund's net asset value (NAV)).
  - Spread duration (for funds with more than 25% debt exposure).

- **Securities Lending**
  - Including more information on the treatment of non-cash collateral.
- **Monthly Reporting Information**

#### Practical Point



For each of the preceding three months a fund must report on monthly total returns, and also on monthly net realized gain (or loss) and net change in unrealized appreciation (or depreciation) distinguished between derivative investments (reported by both asset category (e.g., commodity contracts, credit contracts or equity contracts) as well as by the type of derivative instrument (e.g., forward, future, option or swap)) and non-derivative investments

- **Flow Information** (i.e. shares sold, redeemed, repurchased, exchanged, reinvested, etc.)
- **Liquidity Information**

#### Practical Point



The rules require that open-end funds (but not MMFs) adopt liquidity risk management programs and disclose certain information related to liquidity (i.e. investments get classified into one of four categories – highly liquid, moderately liquid, less liquid, and illiquid).

### Part C: Schedule of Portfolio Investments.

Funds must report position-level information for each investment held by the fund and its consolidated subsidiaries as of the close of the preceding month's end, calculated on the same basis as the fund uses to calculate its NAV, generally T+1 (trade date + 1).

#### Practical Point



The level of disclosure that will be required with respect to each derivative contract in a fund's portfolio is significant. A fund must disclose the key terms, dates and conditions of each type of derivative contract, including a description of the reference instrument underlying the reference contract. With respect to describing the reference instrument underlying a derivative contract, the SEC provided very specific and detailed requirements.

- For funds engaged in securities lending, increased information on cash and non-cash collateral is required.

### Part D: Miscellaneous Securities.

Just as it's currently permitted by Regulation S-X, a fund may elect to report on N-PORT up to 5% of the total value of its portfolio on an aggregate basis (i.e. in one amount) as "miscellaneous securities," under certain conditions.

### Part E: Explanatory Notes.

A fund will be permitted, but not required, to provide explanatory notes it believes would be helpful in understanding reported information, including any assumptions that the fund made in responding to an item. (Explanatory notes related to non-public items are submitted confidentially and will remain non-public.)

### Part F: Exhibits. Complete Schedule of Portfolio Holdings.

#### Practical Point



For Form N-PORT filings for the end of the first and third quarters of a fund's fiscal year, a fund is required to include an exhibit disclosing the fund's complete portfolio holdings as of the close of the period covered by the report, no later than 60 days after the end of the first and third quarters of the fund's fiscal year. This Part F is intended to replicate Form N-Q and to provide portfolio holdings information in a format that is familiar to investors.

This exhibit will not be submitted in XML format. The information in this exhibit is not required to be audited or certified but must be in the Regulation S-X compliant format. The SEC is permitting a fund to generally use its own methodology or the methodology of its service provider, so long as the methodology is consistently applied and is consistent with the way the fund reports internally and to current and prospective investors.



# NEW FORM N-CEN

The Form N-CEN will be filed by all registered investment companies, except face amount certificate companies, and it will replace the Form N-SAR. The information required to be reported on Form N-CEN includes much of the same general census-type information already contained in reports on Form N-SAR, such as organization, service providers, fees and expenses, portfolio strategies and investments, portfolio transactions, and share transactions, however, it must be submitted in XML format. Form N-CEN will be filed annually (rather than semi-annually as is required for reports on Form N-SAR). Management companies will file on a fiscal year basis (75 days after the fiscal year end), whereas UITs will file on a calendar year basis (75 days after the calendar year-end).

## Practical Point

A useful list of items from Form N-SAR that will be included in Form N-CEN or that have been eliminated is included in the Adopting Release beginning at page 299. This information is presented in chart form and sets forth the old Form N-SAR item number, description, what's been included without change, included but modified, if similar data will be available through other sources, or that the information is no longer required to be reported by all funds.

A general description of the section requirements in Form N-CEN follows below.

- All funds must complete Parts A and B and file any attachments required by Part G;
- Funds organized as management companies, other than SBICs, must complete Part C;
- Closed-end funds and SBICs must complete Part D;
- ETFs (including those organized as UITs), ETMFs, index funds and master-feeder funds must complete additional information in Part E; and
- UITs must complete Part F.

## **Part A: General Information. (Required for all funds.)**

## **Part B: Information about the Registrant. (Required for all funds.)**

## **Part C: Additional Questions for Management Investment Companies (other than SBICs), including Reliance on Certain Rules.**

### Practical Point

Reliance on Rules 10f-3, 2a-7 and 12b-1 was already covered by Form N-SAR; in addition to these rules, N-CEN covers Rules 12d1-1, 15a-4, 17a-6, 17a-7, 17a-8, 17e-1, 22d-1, 23c-1, and 32a-4.

## **Part D: Additional Questions for Closed-End Funds and SBICs.**

Information requested from Closed-End Funds and SBICs will include: (1) information on the securities issued by the closed-end fund or SBIC, including the type of security issued (common stock, preferred stock, warrants, convertible securities, bonds, or any security considered "other"), title of each class, exchange where listed and ticker symbol; (2) information relating to rights offerings and secondary offerings, including whether there was such an offering during the reporting period, and if so, the type of security involved; (3) security repurchases; (4) defaults on debt; (5) whether any dividends are in arrears; (6) modification of securities affecting the rights of holders; (7) management fees (closed-end companies only); (8) net annual operating expenses as a percentage of net assets; (9) market price; (10) net asset value; and (11) service providers (SBICs).

## **Part E: Additional Questions for ETFs and ETMFs.**

Data from ETFs and ETMFs will include: (1) exchange information; (2) identifying information about each authorized participant (AP); (3) purchases and redemptions; (4) collateral arrangements; (5) information on creation units; and (6) the index the fund tracks.

### Practical Point

Liquidity Risk Management Programs have special rules that are specific to ETFs.


Certain ETFs that qualify as "In-Kind ETFs are not required to classify their portfolio investments or comply with the highly liquid investment minimum requirement for purposes of Rule 22e-4 under the 1940 Act.

### **Part F: Additional Questions for UITs.**

Form N-CEN differentiates between UITs that are, and those that are not, separate accounts of insurance companies and requires the reporting of different types of information depending upon the type of UIT. For insurance company separate accounts, Part F requires census information for each security issued through the separate account. Part F also includes several requirements from Form N-SAR, including information relating to divestments under Section 13(c) of the 1940 Act.

### **Part G: Attachments.**

#### **Practical Point**



Attachments relating to litigation proceedings (if any), changes in accounting principles and the independent public accountant's report on internal control (for management companies other than SBICs), exemptive orders and other attachments have not changed from the Form N-SAR reports. Form N-CEN requires as one new exhibit, additional information from a fund (other than an MMF) if it received financial support from certain affiliated entities.

Attachments to Form N-CEN are not required to be submitted in XML format.


## REGULATION S-X AMENDMENTS

### **Derivatives Disclosure.**

Regulation S-X is amended to enhance and standardize disclosure about derivatives in financial statements included in fund registration statements and shareholder reports. Many of the amendments to Regulation S-X are similar, but not identical to new disclosure requirements also contained in Form N-PORT. The SEC's intent in amending Regulation S-X is that enhanced disclosure and standardization will allow comparability among funds and will facilitate investor assessment of a fund's use of derivatives. According to the SEC, the amended disclosure requirements are intended to provide investors with access to similar disclosure in a reader-friendly format that provides clear and comparable derivatives information across funds.

The Reporting Rules also rescind current Rule 6-10(a) that some funds relied on to make disclosure relating to derivatives in the notes to their financial statements. Rescission of Rule 6-10(a) means that funds must now prominently disclose details on their derivatives investments in the funds' financial statements (in the schedule of investments) rather than in the notes to the financial statements as is the current practice.

#### **Practical Point**



The rules adopted by the SEC will now renumber the current schedules in Article 12 of Regulation S-X and break out the reporting of derivatives currently on Schedule 12-13 into separate schedules. The changes are summarized in the Adopting Release on page 163.

The new rules specifically provide for more detailed information regarding fund holdings in open futures contracts, open forward foreign currency contracts, and open swap contracts, as well as to provide additional disclosure on written and purchased options.

Under new Rule 12-13C, the reporting requirements for a swap contract with a reference asset follow the requirements to the N-PORT discussed earlier under Reference Instrument Information. There is, however, one modification to the proposed rule: the disclosure required under Regulation S-X does not differentiate for derivative contracts in which the notional value of the contract is five percent or more of the fund's NAV and therefore does not require the more extensive disclosure required by N-PORT for this component. The new rules also require additional information on investments in and advances to affiliates and other investments, such as physical holdings in real estate and commodities.

The amendments to Regulation S-X also include various changes to Article 6 of Regulation S-X, which prescribes the general form and content of financial statements filed for funds to conform Article 6 with changes to Article 12 and update other financial statement requirements, and, to add new disclosure requirements that are designed to increase transparency to investors about certain investments and activities.

---

<sup>i</sup> Investment Company Reporting Modernization, Release Nos. 33-10231; 34-79095; IC-32314 (Oct. 13, 2016) ("Adopting Release") <https://www.sec.gov/rules/final/2016/33-10231.pdf>.

<sup>ii</sup> Investment Company Reporting Modernization, Release Nos. 33-9776; 34-75002; IC-31610 (May 20, 2015) ("Proposing Release") <https://www.sec.gov/rules/proposed/2015/33-9776.pdf>.

<sup>iii</sup> See Adopting Release at 310-11. Rule 30e-3 would allow funds to satisfy Investment Company Act requirements by providing reports to shareholders and making the reports and certain other materials available online, unless shareholders opt for paper copies. The SEC received several comments in favor of Rule 30e-3; "[h]owever, many other commenters expressed concerns with the proposed rule, arguing, for example, that the proposed rule would have potential adverse effects on investor readership of shareholder reports generally and on certain demographic groups in particular." *Id.*

<sup>iv</sup> See Adopting Release at 16.

<sup>v</sup> Liquidity Risk Management Programs, Release Nos. 33-10233; IC-32315 (Oct. 13, 2016) <https://www.sec.gov/rules/final/2016/33-10233.pdf>.

<sup>vi</sup> Investment Company Swing Pricing, Release Nos. 33-10234; IC-32316 (Oct. 13, 2016) <https://www.sec.gov/rules/final/2016/33-10234.pdf>.

# AUTHORS

## Pepper Hamilton



**John P. Falco**

Partner, Financial Services Practice Group

Mr. Falco is primarily involved in areas of corporate governance, legal administration and registration of investment companies under the Investment Company Act of 1940 including mutual funds and closed-end investment companies.



**John M. Ford**

Partner, Financial Services Practice Group

Mr. Ford focuses his practice on investment company and investment adviser regulatory issues, and related issues affecting the investment management activities of financial institutions. He assists clients with the formation and registration of investment companies and investment advisers, and provides advice about regulatory compliance and securities law issues.



**Dorothy M. Allison**

Senior associate, Financial Services Practice Group

Ms. Allison concentrates her practice in the area of investment management and focuses on all aspects of investment adviser and investment company representation. Ms. Allison has experience with developing and representing hedge funds and other private securities offerings in addition to offshore funds, unit investment trusts and mutual fund mergers.



**Cassandre L. Juste**

Associate, Financial Services Practice Group

Ms. Juste focuses her practice on entities regulated under the Investment Company Act of 1940 and the Investment Advisers Act of 1940. Ms. Juste advises various hedge funds and other alternative investment funds in fund formation and compliance matters.



**Barbara H. Grugan**

Senior Regulatory Compliance Specialist

Ms. Grugan has over 35 years broad experience with financial and compliance issues in investment management and is a designated Investment Adviser Certified Compliance Professional.

## Donnelley Financial Solutions



**Jay F. Nusblatt**

Managing Director, Sales & Business Development

Drawing on his years of experience and leadership in mutual fund servicing, Jay is responsible for focusing Donnelley Financial's content management solutions to the mutual fund marketplace and for the development and growth of that segment. His knowledge and understanding of the fund administration business inform his ability to position the benefits offered by ArcReporting and the FundSuiteArc platform.



**Sean M. Harrington**

Director, Content Management Solutions

Mr. Harrington has 17 years of experience in the investment management industry and is responsible for Donnelley Financial's financial reporting and regulatory filing platforms such as ArcReporting and ArcFiling for N-MFP, N-CSR, N-PORT and N-CEN.