The Securities and Exchange Commission (SEC) has adopted the Investment Company Liquidity Risk Management Programs rule as Rule 22e-4 under the Investment Company Act of 1940 (the SEC Liquidity Rule).

The SEC Liquidity Rule requires in-scope funds to classify their portfolio investments into one of four liquidity categories (or buckets) at least monthly. The four liquidity buckets are: highly liquid, moderately liquid, less liquid, and illiquid. Funds must review their portfolio investments’ classifications at least monthly, and more frequently if changes in relevant market, trading, and investment-specific considerations are reasonably expected to materially affect one or more of their classifications.

Additionally, funds must ensure they maintain highly liquid investments above the highly liquid investment minimum (HLIM) and illiquid investments below the 15% illiquid investment limit.

**THE CHALLENGE**

- Daily, weekly, or monthly (per the fund’s policy) portfolio investment liquidity classification requirements
- Threshold monitoring
- Liquidity classification reporting on Form N-PORT

**THE SOLUTION**

FactSet’s SEC Equity Liquidity Classification report is designed to enable equity fund clients to meet the portfolio investment classification requirements of the SEC Liquidity Rule. Leverage FactSet’s robust infrastructure and client portfolio integration service to meet the demands of the SEC Liquidity Rule’s classification requirements. If you are a current client of FactSet’s solutions, implementation of the liquidity classification process is seamless.

FactSet offers:

- Daily, weekly, or monthly equity liquidity classification based on a transparent methodology
- Output available via standard flat file, which can be incorporated into downstream reporting processes
- Threshold (HLIM and 15% Illiquid) monitoring via Portfolio Dashboard
- Classification override at the security or fund level
- Default and user-defined reasonably anticipated trade size and tradable volume metrics
- Exchange-specific settlement periods to calculate days to liquidate

Utilizing the data in your current analytics workflow enables you to avoid duplicate processes for equity liquidity classification and Form N-PORT portfolio reporting.