

› SEC EQUITY LIQUIDITY CLASSIFICATION REPORT

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.

THE REGULATION

Variable, based on assets under management. Funds with net assets >\$1 billion must comply with the portfolio liquidity classification of investments by June 1, 2019. Funds with net assets <\$1 billion must comply by December 1, 2019.

In-scope firms:

U.S. open-end funds and ETFs, but excluding money market funds.

REGULATORY SERVICES

Activating a compliance strategy is difficult. We're here to help, with the flexible, consultative approach you've come to expect from FactSet. Talk to our regulatory specialists about your challenges, and we'll help you determine the most effective solution—without disrupting your investment process.

We bring together industry expertise, reliably connected data, portfolio analytics, client reporting, and strategic partnerships to help you address multiple regulations and standards, including: Solvency II, N-PORT, MIFID II, PRIIPs, BMR, KYC & AML, Solvency II, and more.

Contact Us:

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