DO YOU HAVE YOUR LIQUIDITY PROGRAM IN PLACE? SEC DEADLINES ARE APPROACHING...

What is the SEC Liquidity Rule?
SEC Rule 22e-4, also called the Liquidity Rule, requires U.S. exchange-traded funds or open-end management investment companies to assess, manage, and review liquidity risk on a regular basis. Liquidity risk, in this case, refers to the risk that a fund may not be able to meet share redemption requests without significantly impacting the market value of remaining investors’ interests in the fund.

Compliance Requirements
Open-end mutual funds and ETF complexes, to be in compliance with SEC Rule 22e-4, will need to implement a liquidity risk program according to published deadlines relating to amounts under management. For affected funds, advisers must certify each portfolio holding into one of four classifications of liquidity.

Liquidity Categories
- **HIGHLY LIQUID** - Any investment that a fund reasonably expects can be convertible into cash in current market conditions in three business days or less.
- **LESS LIQUID** - Any investment that a fund reasonably expects can be sold or disposed of in current market conditions in seven calendar days or less, but where the sale or disposition is reasonably expected to settle in more than seven calendar days.
- **ILLIQUID** - Any investment that a fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less.

Abel Noser Compliance Services
We can assist with SEC Rule 22e-4 reporting requirements by helping you:
- Use our pre-trade tool, Trade Compass, to estimate your daily position liquidity or run projection scenarios
- Automatically calculate the percentage of your overall portfolio in each liquidity category
- Apply user-defined risk tolerance factors for each complex or individual fund
- Use our post-trade tool, Trade-Zoom, to create an overview report showing results per holding

Your Compliance Partner
Abel Noser has over three decades of experience providing liquidity holdings analysis, daily data handling, and next-day reporting to fund complexes. Contact us today to see why we are uniquely qualified to be your liquidity risk partner.