

# Investment Management Legal and Regulatory Update

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## LATEST DEVELOPMENTS

### SEC Announces 2021 Examination Priorities

The SEC's Division of Examinations (Division), formerly known as the Office of Compliance Inspections and Examinations (OCIE), released its 2021 examination priorities. In its release, the Division noted that it completed over 2,952 examinations in 2020 and issued more than 2,000 deficiency letters. Approximately 15% of all registered investment advisers were examined during 2020 and the Division completed more than 100 examinations of investment companies. The Division also conducted hundreds of outreach calls to investment companies and advisers to assess market impacts of the COVID-19 pandemic.

The 2021 priorities are grouped into the following categories, each of which is described below in more detail:

1. Retail investors, including seniors and individuals saving for retirement;
2. Information security and operational resiliency;
3. Financial technology (FINTECH) and innovation, including digital assets;
4. Anti-money laundering;
5. The London Inter-Bank Offered Rate (LIBOR) transition; and
6. Additional focus areas involving advisers and investment companies, including adviser compliance programs, registered funds, including mutual funds and ETFs, and advisers to private funds.

The Division noted that while these priorities drive many of its examinations, the scope of any examination is determined through a risk-based approach that includes analysis of various factors, including the products and services offered by the firm, compensation and funding arrangements, disclosures and representations made to clients, prior examination observations and regulatory history, whether the firm has never been examined, is newly registered, or has not been examined in many years, material changes in firm leadership or other key personnel, and whether the firm has custody of client assets. The Division also noted that its Event and Emerging Risks Examination Team (EERT) recently became operational and will improve the Division's ability to respond to emerging and exigent risks.

### Retail Investors, Including Seniors and Individuals Saving for Retirement

The Division will continue to focus on protecting retail investors, particularly seniors and individuals saving for retirement, and will focus on the following areas:

- *Standards of Conduct.* The Division noted that the adoption of Regulation Best Interest, Form CRS, and the Interpretation Regarding Standard of Conduct for Investment Advisers will have a direct impact on retail investors' experience with broker-dealers and advisers.
  - The Division will prioritize examinations of broker-dealers to assess compliance with Regulation Best Interest and will expand the scope of examinations to focus on assessing whether broker-dealers are making recommendations that they have a reasonable basis to believe are in retail investors' best interests. The Division will also focus on evaluating firm policies and procedures designed to comply with Regulation Best Interest, as well as policies and procedures to identify and address conflicts of interest, the recommendation of rollovers and alternatives considered, complex product recommendations, assessments and costs and reasonably available alternatives and how sales-based fees paid to broker-dealers and representatives impact the firm's recommendations.
  - The Division will continue to examine advisers to assess whether, as fiduciaries, they have satisfied their duty of care and duty of loyalty. The examination will include evaluating whether advisers provide advice, including whether account or program types continue to be in the best interests of their clients, based on their clients' objectives, and eliminate or make full and fair disclosure of conflicts of interest which might incline advisers to render advice which is not disinterested such that their clients can provide informed consent to the conflict. Additionally, the Division will continue to focus on risks associated with fees and expenses, complex products, best execution, and compensation arrangements.
  - The Division will prioritize examinations of advisers and broker-dealers to assess compliance with Form CRS. The Division observed that firms generally complied with Form CRS' requirements and noted that while firms are effectively using hyperlinks in their digital Form CRSs and generally avoiding legalese and generic boilerplate language, the readability of some Form CRSs can still be improved. The Division also observed that some firms did not adequately respond to the disciplinary disclosure requirements of Form CRS, an area all firms are required to address. Lastly, the Division identified and notified hundreds of firms that failed to file a Form CRS on a timely basis.
- *Fraud, Sales Practices and Conflicts.* The Division will focus on the appropriateness of recommendations and advice provided to retail investors, with a particular focus on seniors, including recommendations and advice made by entities and individuals targeting retirement communities, teachers, military personnel, and individuals saving for retirement. The Division will concentrate on recommendations regarding account type, conversions and rollovers and the sales practices used by firms for various product types, and prioritize its examination of advisers operating and utilizing turnkey asset management platforms. The Division will focus on firms' compliance with recent changes to the definition of accredited investor when recommending and selling certain private offerings. Additionally, the Division will continue to examine firms' disclosures regarding their conflicts of interest, including those related to fees and expenses, such as revenue sharing arrangements. Lastly, in reviewing fees and expenses, the staff will review advisory fee calculation errors, inaccurate calculations of tiered fees, including failure to provide breakpoints and aggregate household accounts, and failures to refund prepaid fees for terminated accounts.
- *Retail-Targeted Investments.* The Division will continue to examine the services and products offered by advisers, including investments in mutual funds and ETFs, municipal securities and other fixed-income securities, and micro-cap securities. With respect to mutual funds and ETFs, the Division will continue to focus on examining incentives provided to financial services firms and professionals that may influence the selection of particular higher cost mutual fund share classes when lower cost classes are available. The Division will also prioritize its review of financial intermediaries' recommendations and disclosures involving ETFs, including adequacy of risk disclosure.

## Information Security and Operational Resiliency

In light of the increase in remote operations in response to the COVID-19 pandemic, the Division will examine whether firms have taken appropriate measures to: (1) safeguard customer accounts and prevent account intrusions, including verifying an investor's identity to prevent unauthorized account access; (2) oversee vendors and service providers; (3) address malicious email activities, such as phishing or account intrusions; (4) respond to incidents, including those related to ransomware attacks; and (5) manage operational risk as a result of dispersed employees in a work-from-home environment. The Division will particularly focus on controls surrounding online and mobile application access to investor account information, the electronic storage of books and records, and personally identifiable information maintained with third-party cloud service providers, as well as the firms' policies and procedures to protect investor records and information. The Division will also review firms' disaster recovery and business continuity plans and evaluate whether such plans account for the growing physical and other risks associated with climate change.

## Financial Technology (FINTECH) and Innovation, Including Digital Assets

With respect to firms engaged with digital assets, the Division will continue to assess whether these products are in the best interests of investors, portfolio management and trading practices, safety of client funds and assets, pricing and valuation, effectiveness of compliance programs and controls, and supervision of representatives' outside business activities. As discussed below, the Division issued a risk alert discussing its observations from recent examinations of advisers managing digital assets.

## Anti-Money Laundering (AML)

The Division will continue to prioritize examinations of investment companies and broker-dealers for compliance with their AML obligations. The Division will assess whether firms have established appropriate customer identification programs and whether they are satisfying their Suspicious Activity Report filing obligations, conducting due diligence on customers, complying with beneficial ownership requirements, and conducting robust and timely independent tests of their AML programs.

## The London Inter-Bank Offered Rate (LIBOR) Transition

The Division's examinations of advisers, investment companies and broker-dealers will assess the firm's understanding of any exposure to LIBOR, their preparation for the expected discontinuation of LIBOR, and the transition to an alternative reference rate.

## Additional Focus Areas Involving Advisers and Investment Companies

*Adviser Compliance Programs.* The Division will review advisers' compliance programs, including whether those programs and their policies and procedures are reasonably designed, implemented, and maintained.

*ESG Strategies and Products.* The Division will concentrate particularly on investment strategies, mutual funds and ETFs that focus on sustainable, socially responsible or ESG conscious investments. The Division will review the consistency and adequacy of disclosures that advisers and funds provide to clients regarding these strategies, evaluate whether the firms' processes and practices match their disclosures, review fund advertising for false or misleading statements, and review proxy voting policies and procedures and voting records to assess whether they align with the strategies.

*Registered Funds, Including Mutual Funds and ETFs.* The Division will continue to review registered fund filings and reports to funds' boards for compliance with regulatory requirements and for valuation issues, including the resulting impact on fund performance, liquidity and risk-related disclosures. In focusing on valuation, the Division will review investments in market sectors that have experienced stress due to the COVID-19 pandemic. Fund liquidity risk management programs will be of particular focus and the Division will review whether such programs are reasonably designed to assess and manage fund liquidity risk and the implementation of required liquidity classifications. The Division will also review funds' and advisers' disclosures and practices related to securities lending.

*Advisers to Private Funds.* The Division will continue to focus on private fund advisers and will assess compliance risks, including a focus on liquidity and disclosures of investment risks and conflicts of interest. The Division will pay particular attention to preferential treatment of certain investors by private fund advisers that have experienced issues with liquidity; portfolio valuations; adequacy of disclosure and compliance with the regulatory requirements related to cross trades, principal investments, or distressed sales; and conflicts around liquidity. The Division will examine private fund advisers where portfolio companies of the private fund may have been materially impacted due to recent economic conditions.

Sources: SEC Division of Examinations Announces 2021 Examination Priorities (Mar. 3, 2021), available [here](#); 2021 Examination Priorities, SEC Division of Examinations (Mar. 3, 2021), available [here](#).

## LATEST DEVELOPMENTS: FUNDS

### SEC Issues Statement and FAQ on Cross Trading

As discussed in our [January 2021 Update](#), the SEC adopted new Rule 2a-5 under the Investment Company Act (valuation rule) codifying fair valuation requirements for investment companies. The valuation rule includes a definition of the term “readily available market quotations” that could affect cross trades.

*Cross Trades.* Currently, securities transactions may occur between a fund and certain affiliates in accordance with Rule 17a-7 under the Investment Company Act, provided the cross trades involve a security for which market quotations are readily available and they are executed at the independent current market price. Certain fixed-income securities that some funds may have previously viewed as having readily available market quotations and available for cross trades may not meet the new definition in the valuation rule and would not be available for cross trades after September 8, 2022, the compliance date of the rule.

*Statement on Cross Trades.* Consideration of potential amendments to Rule 17a-7 is on the SEC’s rulemaking agenda and the Division of Investment Management issued a statement seeking feedback on current cross trading practices. In particular, the staff wants to know more about the circumstances in which funds engage in cross trading and the extent to which funds’ current cross trades do not have readily available market quotations. The staff also seeks information on pricing and liquidity, as well as controls in place to govern cross trading.

*FAQ on Cross Trades.* A newly issued Frequently Asked Question (FAQ) also addresses compliance with the definition of “readily available market quotations” with respect to cross trading practices under Rule 17a-7. The SEC reiterated its previous statement in the valuation rule’s adopting release, stating that the rule’s definition of “readily available market quotations” will apply in all contexts under the Investment Company Act, including to determine whether a security may be cross traded under Rule 17a-7, and not just to valuation matters. Funds may choose to begin complying with the valuation rule, including its definition of “readily available market quotations,” at any time after the March 8, 2021 effective date, but are not required to do so until the September 8, 2022 compliance date. The SEC staff noted that if a fund chooses to comply with the valuation rule before its compliance date, the staff would not object if the fund does not apply the rule’s definition of “readily available market quotations” to its cross trading practices until the compliance date.

Sources: Staff Statement on Investment Company Cross Trading (Mar. 11, 2021), available [here](#); Valuation Frequently Asked Questions, available [here](#).

### SEC Announces Enforcement Task Force Focused on Climate and ESG Issues

The SEC announced the creation of the Climate and ESG Task Force (Task Force) within the Division of Enforcement which will develop initiatives to identify ESG-related misconduct. The Task Force’s initial focus will be to identify any material gaps or misstatements in issuers’ climate risk disclosure under existing rules and will analyze disclosure and compliance issues associated with advisers’ and funds’ ESG strategies. The Task Force will also evaluate and pursue tips, referrals, and whistleblower complaints related to ESG issues. In connection with the creation of the Task Force, the Division’s 2021 Examination Priorities addressed the Division’s enhanced focus on climate and ESG-related risks, as discussed above. The SEC also created a new [web page](#) dedicated to updates on climate change and ESG investing. SEC nominee Gary Gensler has indicated that he is committed to pursuing rulemaking around climate risk disclosures if confirmed as the next chair of the SEC.

Sources: SEC Announces Enforcement Task Force Focused on Climate and ESG Issues, SEC Press Release 2021-42 (Mar. 4, 2021), available [here](#); Enhancing Focus on the SEC's Enhanced Climate Change Efforts, SEC Public Statement (Mar. 4, 2021), available [here](#); SEC Responds to Investor Demand by Bringing Together Agency Information about Climate and ESG Issues, SEC Press Release 2021-52 (Mar. 22, 2021), available [here](#); David Isenberg, Gensler Pledges to Pursue Climate Disclosure Rule, IGNITES (Mar. 3, 2021), available by subscription.

## LATEST DEVELOPMENTS: ADVISERS

### Final DOL Exemption and Guidance on Fiduciary Investment Advice in Connection with Rollover Recommendations

In December 2020, the U.S. Department of Labor (DOL) issued final prohibited transaction exemption (PTE) 2020-02, "Improving Investment Advice for Workers & Retirees" (exemption). The DOL also provided its final interpretation of when advice to roll over plan assets to an IRA will be considered fiduciary investment advice under the Employee Retirement Income Security Act of 1974, as amended (ERISA), and the Internal Revenue Code of 1986, as amended (Code). The exemption allows investment advice fiduciaries to receive compensation, including as a result of advice to roll over assets from an ERISA plan to an IRA. The exemption went into effect February 16, 2021. The DOL is expected to publish related guidance for retirement investors, employee benefit plans and investment advice providers. Below is a summary of the current regulatory landscape for investment advisers.

#### Transition Period

- The new exemption replaces the DOL's 2016 fiduciary rule and Best Interest Contract Exemption, which were vacated in 2018. After the vacatur, the DOL issued a temporary non-enforcement policy providing that it would not pursue prohibited transaction claims against investment advice fiduciaries who worked diligently and in good faith to comply with the Impartial Conduct Standards, which require investment advisers to:
  - Give prudent advice that is in the retirement investor's best interest (i.e., based on the investment objectives, risk tolerance, financial circumstances and needs of the retirement investor, without regard to financial or other interests of the investment adviser or investment adviser representative);
  - Charge no more than reasonable compensation; and
  - Avoid making misleading statements.
- The non-enforcement policy will remain in effect until December 20, 2021 and provide a transition period for investment advisers to comply with the provisions in the new exemption, provided they comply with the Impartial Conduct Standards in the interim.

#### Rollovers

- Investment advisers with discretionary authority over IRAs and ERISA plans are and always have been investment advice fiduciaries under the Code and ERISA, respectively. Investment advisers with non-discretionary authority, on the other hand, were previously able to take the position that they were not fiduciaries under the Code or ERISA when they gave rollover advice. The DOL, however, has changed its position regarding fiduciary status in the context of rollover recommendations and, as a result, non-discretionary investment advisers who give rollover advice are now investment advice fiduciaries under the Code and ERISA, provided they intend to have an ongoing relationship with the retirement investor.
- Both discretionary and non-discretionary investment advisers who recommend rollovers will need to rely on the new exemption beginning December 21, 2021 to continue providing rollover recommendations. They will need to satisfy all the conditions of the exemption, including: satisfying the Impartial Conduct Standards; providing written disclosure to clients; providing retirement investors with documentation of the specific reasons that a rollover recommendation is in their best interest; adopting new policies and procedures; and conducting annual compliance reviews.
- A "rollover" means a retirement investor rolls over assets from a plan to another plan, a plan to an IRA, an IRA to a plan, or an IRA to another IRA. Before making a recommendation to roll over assets from a plan to an IRA,

the new exemption requires an investment adviser representative to consider and document the following: the retirement investor's alternatives to a rollover, including leaving the money in his or her current employer's plan, if permitted, and selecting different investment options; the fees and expenses associated with both the plan and the IRA; whether the employer pays for some or all of the plan's administrative expenses; and the different levels of services and investments available under the plan and the IRA.

- If investment advisers do not already document the fact that they have a reasonable basis for their rollover recommendations, they should consider starting that practice now and may wish to dust off their rollover checklists from 2016. In the "Commission Interpretation Regarding Standard of Conduct for Investment Advisers," published on June 5, 2019, the SEC notes that an investment adviser's fiduciary duty applies to advice about rollovers so it would be prudent under both the SEC and DOL fiduciary standards for investment advisers to have documentation supporting rollover recommendations even during the current transition period. Moreover, Regulation Best Interest has required broker-dealers to do a comparative analysis of plans and IRAs before making a recommendation to roll over plan assets into an IRA since June 2020.
- If an investment adviser decides not to comply with the exemption for rollovers, the adviser must refrain from making rollover recommendations and limit its practices to only "hire me" communications and investment education.

### Ongoing Management of IRAs or ERISA Plans

- The exemption only covers non-discretionary advice so its only application for investment advisers with discretionary authority is limited to advice about rollovers. Investment advisers with discretionary authority over an IRA or ERISA plan may not rely on the exemption for ongoing management and instead, must avoid all conflicts of interest and prohibited compensation and not engage in principal transactions, as is currently the case. Discretionary investment advisers may still rely on current PTEs and advisory opinions if needed. For example, in reliance on PTE 77-4, investment advisers typically waive their advisory fee for any portion of an IRA that is invested in proprietary mutual funds.
- The exemption allows investment advisers with non-discretionary authority over IRAs or ERISA plans to engage in principal transactions and to receive otherwise prohibited compensation, including compensation in connection with proprietary mutual funds.
- The exemption also allows dual registrants with non-discretionary authority over IRAs or ERISA plans to receive commissions, 12b-1 fees, trailing commissions, sales loads, mark-ups and mark-downs or revenue sharing payments from investment providers or third parties.

Based on the current sunset date of the DOL's temporary non-enforcement policy, investment advisers should evaluate how they are advising IRA owners and ERISA plan fiduciaries, participants and beneficiaries under the DOL's new interpretation of fiduciary status. Investment advisers will need to either develop policies and procedures to be ready to comply with the conditions of the exemption by December 20, 2021 or refrain from making rollover recommendations and limit their practices to only "hire me" communications and investment education.

For more information on this topic, consider reading the full analysis contained in our [Investment Management and Employee Benefits Update](#).

*Source: Prohibited Transaction Exemption 2020-02, Improving Investment Advice for Workers & Retirees (Dec. 18, 2020), available [here](#).*

### SEC Publishes New Form CRS FAQs

On March 5, 2021, the SEC staff supplemented the FAQs relating to Form CRS. Most notably, the updated FAQs address non-material changes to a firm's Form CRS and the applicable filing and delivery requirements. The FAQ clarifies that if a firm makes only non-material changes to its Form CRS that do not render any information in the filed version materially inaccurate, the firm is not obligated to file the amended Form CRS nor is the firm required to communicate any non-material changes to its existing retail investors. The firm is also not required to attach an

exhibit to its Form CRS describing the non-material changes. However, the staff noted that a firm making non-material changes to Form CRS is permitted to file an amended Form CRS and communicate non-material changes to existing retail investors. Regardless of whether the firm makes material or non-material changes to its Form CRS, the most current version of Form CRS must be posted on the firm's website and the firm must maintain copies of all versions of its Form CRS, including versions incorporating non-material changes.

The SEC staff also elaborated on a firm's obligations to existing retail investors if the firm makes material changes to its Form CRS and refiles pursuant to General Instruction 8.A., which requires Form CRS to be updated within 30 days whenever any information in Form CRS becomes materially inaccurate. Pursuant to General Instruction 8.B., a firm must communicate any material changes to existing retail investors within 60 days after the updates are required to be made and without charge. A firm may satisfy its obligation to communicate material changes to Form CRS to existing retail investors by either delivering the amended Form CRS or communicating the information through another disclosure that is delivered to the existing retail investor.

If a firm delivers an amended Form CRS, the most recent changes must be highlighted for retail investors by, for example, marking the revised text in a manner that is readily distinguishable from any other text in the Form CRS or including a summary of the material changes. The additional disclosure showing revised text or a summary of material changes must be attached as an exhibit to the amended and unmarked Form CRS. If a firm communicates material changes to Form CRS to existing retail investors through another disclosure, the SEC staff emphasized that merely providing notice of or access to another disclosure or Form CRS is not sufficient. The disclosure must be delivered to the retail investor. A firm may communicate material changes by delivering an amended Form ADV brochure or Form ADV summary of material changes that also contains the updated information. Alternatively, if the firm delivers another disclosure to existing retail investors, such as an account statement, the material changes may be communicated with or through that disclosure.

*Source: Frequently Asked Questions on Form CRS (updated Mar. 5, 2021), available [here](#).*

## Securities Investments that Finance Communist Chinese Military Companies

On January 6, 2021, the Division issued a risk alert to notify advisers, broker-dealers and other market participants of Executive Order 13959, "Addressing the Threat from Securities Investments that Finance Communist Chinese Military Companies" (executive order). The executive order was issued in November 2020 and was subsequently amended in January 2021. The executive order provides that as of January 11, 2021, U.S. persons, including individuals and entities, are generally prohibited from transacting in certain publicly traded securities of Communist China military companies (CCMCs), any derivatives thereof, and any securities designed to provide investment exposure to publicly traded securities of CCMCs. The executive order generally requires U.S. persons to divest of any CCMC securities by November 11, 2021. For any entities designated as CCMCs following November 12, 2020, U.S. persons are prohibited from transacting in securities of such newly listed CCMCs within 60 days of the entity being designated as a CCMC and U.S. persons will have one year to divest of the newly listed securities.

The Treasury Department's Office of Foreign Asset Control (OFAC) is tasked with the enforcement of the executive order and has issued guidance, including FAQs (available [here](#)), to clarify the terms of the executive order. OFAC has continued to supplement the list of CCMCs (available [here](#)) for which trading by U.S. persons is prohibited.

*Sources: Risk Alert, Division of Examinations: Executive Order on Securities Investments that Finance Communist Chinese Military Companies (Jan. 6, 2021), available [here](#); Executive Order 13959: Addressing the Threat From Securities Investments That Finance Communist Chinese Military Companies, 85 Fed. Reg. 73185 (Nov. 17, 2020), available [here](#); Amending Executive Order 13959: Addressing the Threat From Securities Investments That Finance Communist Chinese Military Companies, 86 Fed. Reg. 4875 (Jan. 19, 2021), available [here](#).*

## Division of Examinations Publishes Risk Alert Regarding Continued Focus on Digital Asset Securities

The Division recently issued a risk alert to share its observations from recent examinations of advisers that manage digital asset securities for their clients either directly or indirectly through pooled vehicles, such as private funds. The risk alert also highlights areas of focus for future examinations, including:

- *Portfolio Management.* The Division will review policies, procedures and practices of advisers investing client assets in digital asset securities and other digital assets and will focus on:
  - The classification of digital assets, including whether they are classified as securities;
  - Due diligence (e.g., whether the adviser understands the digital asset, any devices or software used to interact with the digital asset network or application, and the relevant liquidity and volatility of the digital asset);
  - Evaluation and mitigation of risks relating to trading venues and trade execution or settlement facilities (e.g., with respect to security breaches, fraud, insolvency, know your customer and AML procedures, and compliance with applicable rules and regulations); and
  - Fulfillment of their fiduciary duty with respect to investment advice.
- *Books and Records.* The Division will examine whether advisers are maintaining accurate books and records with respect to their management of digital assets, including a record of trading activity, if applicable.
- *Custody.* The Division will review the risks and practices related to the custody of digital assets by advisers and examine for compliance with the custody rule. The Division will review the following:
  - Occurrences of unauthorized transactions, including theft of digital assets;
  - Controls and safekeeping of digital assets;
  - Business continuity plans where key personnel have access to private keys;
  - How the adviser evaluates harm due to the loss of private keys;
  - Reliability of software used to interact with relevant digital asset networks;
  - Storage of digital assets on trading platform accounts and with third party custodians; and
  - Security procedures related to software and hardware wallets.
- *Disclosures.* Examinations will also include a review of disclosures to investors in a variety of media, such as solicitations, marketing materials, Form ADV brochures and fund documents, regarding the unique risks associated with digital assets, including any risks that are heightened due to the digital nature of the assets. The Division will focus on risk disclosure regarding the complexities of the products and technology underlying the assets, technical, legal, market and operational risks, including cybersecurity and custody, price volatility, illiquidity, valuation methodology, related-party transactions and conflicts of interest.
- *Pricing Client Portfolios.* Advisers face valuation challenges for digital assets due to market fragmentation, illiquidity, volatility and the potential for manipulation. The Division will review the valuation methodologies utilized by advisers, including those used to determine principal markets, fair value and valuation after significant events.
- *Registration Issues.* The Division will review how the adviser calculates its assets under management and characterizes the digital assets in a pooled vehicle, as well as the status of its clients. The Division's review will also include understanding how funds determine applicable exemptions from registration as an investment company under the Investment Company Act.

Source: Risk Alert: The Division of Examinations' Continued Focus on Digital Asset Securities (Feb. 26, 2021), available [here](#).



## COMPLIANCE DATES FOR FINAL RULES

Final Rule	Compliance Dates
New Fund of Funds Rule (Rule 12d1-4) and Related Amendments; Rescission of Rule 12d1-2	Rule 12d1-4 became effective and Rule 12d1-2 was rescinded on January 19, 2021, but, in order to provide funds with a transition period, the compliance date for the amendments to Form N-CEN and the rescission of Rule 12d1-2 (for fund of fund arrangements relying on the rule at the time of rescission) and fund of funds exemptive orders is January 19, 2022.
Derivatives Risk Management Rule (Rule 18f-4) and Related Amendments; Rescission of Prior SEC Guidance (Release 10666)	<p>Rule 18f-4 and related amendments to Forms N-CEN, N-PORT and N-LIQUID (to be renamed Form N-RN) became effective on February 19, 2021, and the compliance date is August 19, 2022.</p> <p>The SEC will rescind Release 10666 and related staff no-action letters and guidance effective August 19, 2022.</p>
Fair Valuation Rules (Rules 2a-5 and 31a-4)	Rules 2a-5 and 31a-4 became effective on March 8, 2021, and funds will have until September 8, 2022 to come into compliance.
Advertising and Cash Solicitation Rule Amendments (Rules 206(4)-1 and 204-2)	<p>The rule amendments will become effective on May 4, 2021, and advisers will have until November 4, 2022 to come into compliance.</p> <p>The current cash solicitation rule (Rule 206(4)-3) will be rescinded. However, until an adviser transitions to the amended marketing rule, the adviser should continue to comply with the previous advertising and cash solicitation rules.</p>