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September 26, 2024

The Honorable Sherrod Brown
Chairman
The Honorable Tim Scott
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Patrick McHenry
Chairman
The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
House of Representatives

Subject: *Securities and Exchange Commission: Form N-PORT and Form N-CEN Reporting; Guidance on Open-End Fund Liquidity Risk Management Programs*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Securities and Exchange Commission (SEC) titled “Form N-PORT and Form N-CEN Reporting; Guidance on Open-End Fund Liquidity Risk Management Programs” (RIN: 3235-AM98). We received the rule on September 3, 2024. It was published in the *Federal Register* on September 11, 2024. 89 Fed. Reg. 73764. The amendments to Forms N-PORT and N-CEN, and amendatory instruction 2 to 17 C.F.R. section 270.30b1-9, are effective November 17, 2025. Amendatory instruction 3 to 17 C.F.R. section 270.30b1-9 is effective May 18, 2026.

According to SEC, it is adopting amendments to reporting requirements on Forms N-PORT and N-CEN that apply to certain registered investment companies, including registered open-end funds, registered closed-end funds, and unit investment trusts. SEC stated that the amendments will require more frequent reporting of monthly portfolio holdings and related information to SEC and the public, amend certain reporting requirements relating to entity identifiers, and require open-end funds to report information about service providers used to comply with liquidity risk management program requirements. SEC also stated that it is providing guidance related to open-end fund liquidity risk management program requirements.

Enclosed is our assessment of SEC’s compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to

the subject matter of the rule, please contact Charlie McKiver, Assistant General Counsel, at (202) 512-5992.

A handwritten signature in black ink that reads "Shirley A. Jones". The signature is written in a cursive style with a large, looping initial "S".

Shirley A. Jones
Managing Associate General Counsel

Enclosure

cc: Vanessa A. Countryman
Secretary
Securities and Exchange Commission

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
SECURITIES AND EXCHANGE COMMISSION
TITLED
“FORM N-PORT AND FORM N-CEN REPORTING;
GUIDANCE ON OPEN-END FUND LIQUIDITY RISK MANAGEMENT PROGRAMS”
(RIN: 3235-AM98)

(i) Cost-benefit analysis

The Securities and Exchange Commission (SEC) prepared an analysis of the costs and benefits of this rule. According to SEC, the amendments related to Form N-PORT will enhance its ability to oversee investment companies and increase investor protection. SEC estimates that investment companies using third-party vendors to prepare Form N-PORT will incur an average annual cost increase of approximately \$6,100 per company, while those processing filings internally will face an average annual increase of around \$4,940 per company. SEC stated that the amendments related to Form N-CEN will help it oversee investment companies' liquidity risk management practices, as well as provide additional transparency about service providers to investors and other data users. SEC estimates that the changes to Form N-CEN will result in annual costs of around \$420 per filer. See 89 Fed. Reg. 73764, 73784, 73785, 73789.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603–605, 607, and 609

SEC prepared a Final Regulatory Flexibility Analysis and determined that this rule would impose burdens on all Form N-PORT and Form N-CEN filers, including those that are small entities. See 89 Fed. Reg. at 73796.

(iii) Agency actions relevant to sections 202–205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532–1535

As an independent regulatory agency, SEC is not subject to the Act.

(iv) Agency actions relevant to the Administrative Pay-As-You-Go-Act of 2023, Pub. L. No. 118-5, div. B, title III, 137 Stat 31 (June 3, 2023)

Section 270 of the Administrative Pay-As-You-Go-Act of 2023 amended 5 U.S.C. § 801(a)(2)(A) to require GAO to assess agency compliance with the Act, which establishes requirements for administrative actions that affect direct spending, in GAO's major rule reports. In guidance to Executive Branch agencies, issued on September 1, 2023, the Office of Management and Budget (OMB) instructed that agencies should include a statement explaining that either: “the Act does not apply to this rule because it does not increase direct spending; the Act does not apply to this rule because it meets one of the Act's exemptions (and specifying the relevant exemption); the OMB Director granted a waiver of the Act's requirements pursuant to section 265(a)(1) or (2) of the Act; or the agency has submitted a notice or written opinion to the OMB Director as required by section 263(a) or (b) of the Act” in their submissions of rules to GAO under the Congressional Review Act. OMB, *Memorandum for the Heads of Executive Departments and Agencies*, Subject: Guidance for Implementation of the Administrative

Pay-As-You-Go Act of 2023, M-23-21 (Sept. 1, 2023), at 11–12. OMB also states that directives in the memorandum that supplement the requirements in the Act do not apply to proposed rules that have already been submitted to the Office of Information and Regulatory Affairs, however agencies must comply with any applicable requirements of the Act before finalizing such rules.

As an independent regulatory agency, SEC is not subject to the Act.

(v) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

On December 16, 2022, SEC published a proposed rule in the *Federal Register*. 87 Fed. Reg. 77172. SEC addressed comments it received throughout the preamble of this rule. See *e.g.*, 89 Fed. Reg. at 73767, 73781, 73791, 73795.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501–3520

SEC determined that this rule contains information collection requirements under the Act. See 89 Fed. Reg. at 73791.

Statutory authorization for the rule

SEC promulgated this rule pursuant to sections 80a-8, 80a-24, 80a-30, 80a-31, and 80a-38 of title 15, United States Code.

Executive Order No. 12866 (Regulatory Planning and Review)

As an independent regulatory agency, SEC is not subject to the Order.

Executive Order No. 13132 (Federalism)

As an independent regulatory agency, SEC is not subject to the Order.