

Introduction to the 2025 Edition

Updates to the 2025 edition include:

- **Chapter 15**—In response to a 2021 letter from members of the House and Senate, the Government Accountability Office issued a report on how target date funds are used in retirement plans.
- **Chapter 16**—Although the SEC retreated from significant proposed amendments to registered funds' liquidity rules, in August 2024 the Staff issued guidance on fund liquidity risk management programs under Rule 22e-4. The guidance focused on three particular areas: the frequency of liquidity classification reviews, the treatment of cash with respect to non-US dollar denominated assets, and the assessment of highly liquid investment minimums.
- **Chapter 21**—Although the proposed rules regarding ESG-related mutual funds are still pending, the SEC has taken two enforcement actions against funds that purported to have an ESG focus but did not implement investment practices consistent with that claim.
- **Chapter 27**—The compliance date for new requirements regarding tailored semi-annual shareholder reports from open-end funds was July 24, 2024. As part of those requirements, these funds may no longer rely on notice and access to deliver their shareholder communications. The compliance date for new requirements regarding disclosure of funds' proxy votes was August 31, 2024.
- **Chapter 35**—The SEC proposed a new rule designed to address conflicts of interest from the use of predictive data analytics in "investor interactions" by investment advisers. The proposed rule, Rule 211(h)(2)-4 under the Advisers Act, would impose restriction on how investment advisers communicate with their clients and prospective clients. Although it remains to be seen whether this proposal will advance through the rulemaking process in the wake of recent changes to the Commission, it is nonetheless instructive in that predictive data analytics and artificial intelligence will continue to shape how financial services are consumed and, accordingly, regulated.
- **Chapter 36**—In May 2024, the SEC adopted amendments to Regulation S-P. The changes will require registered funds and investment advisers (among others) to adopt incident response programs and provide notice within 30 days to any individuals whose sensitive customer information was accessed or used without authorization. The compliance date for large fund complexes (i.e., \$1 billion or more in assets) will be December 2025, and for smaller fund complexes, June 2026.
- **Chapter 37**—In many ways, 2024 saw a paradigm shift in the SEC's powers as a regulator. In particular, in June 2024, the U.S. Supreme Court effectively overruled forty years of precedent that previously required courts to defer to the expertise of federal agencies with respect to interpretive questions of their grants of rulemaking authority (so-called "Chevron deference," named after the prior case law). Although it will take years to determine the full impact of the ruling, it is reasonably certain that the SEC will need to be

much more careful and analytical during its rulemaking process. In the immediate aftermath of the Court's ruling, the SEC pulled back or slowed down several rulemaking proposals.

This 2025 Edition fully replaces the 2024 Edition. Please recycle or discard the 2024 Edition.