



SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 230, 232, 239, 270 and 274

[Release No. 33-11368; 34-102680; IC-35500; File No. S7-16-22]

RIN 3235-AM72

Investment Company Names; Extension of Compliance Date

AGENCY: Securities and Exchange Commission.

ACTION: Final rule; extension of compliance date.

SUMMARY: The Securities and Exchange Commission (“Commission”) is extending the compliance dates for the amendments to the rule under the Investment Company Act of 1940 (“Investment Company Act”) that addresses certain broad categories of investment company names that are likely to mislead investors about the investment company’s investments and risks, as well as related enhanced prospectus disclosure requirements and Form N-PORT reporting requirements, that were adopted on September 20, 2023. The compliance date is extended from December 11, 2025 to June 11, 2026, for fund groups with net assets of \$1 billion or more as of the end of their most recent fiscal year; and from June 11, 2026 to December 11, 2026, for fund groups with less than \$1 billion in net assets as of the end of their most recent fiscal year. In addition, the Commission is modifying the operation of the compliance dates to allow for compliance based on the timing of certain annual disclosure and reporting obligations that are tied to the fund’s fiscal year-end.

DATES: *Effective date:* The effective date for this release is [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]. The effective date for the amendments to 17 CFR 270.35d-1 (“rule 35d-1”) under the Investment Company Act and related prospectus disclosure and reporting requirements, as adopted September 20, 2023, remains December 11, 2023.

Compliance date: The compliance date for the amendments to rule 35d-1 under the Investment Company Act, and related prospectus disclosure and reporting requirements, adopted September 20, 2023 is extended to June 11, 2026 for fund groups with net assets of \$1 billion or more as of the end of their most recent fiscal year and to December 11, 2026 for fund groups with less than \$1 billion in net assets as of the end of their most recent fiscal year. As discussed in section I, the operation of the compliance date is modified to allow for compliance based on the timing of certain annual fund disclosure and reporting obligations that are tied to the fund’s fiscal year-end.

FOR FURTHER INFORMATION CONTACT: Pamela K. Ellis, Senior Counsel; Bradley Gude, Branch Chief; Amanda Hollander Wagner, Senior Special Counsel; or Brian McLaughlin Johnson, Assistant Director, at (202) 551-6792, Investment Company Regulation Office, Division of Investment Management, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-8549.

SUPPLEMENTARY INFORMATION: The Commission is extending the compliance date for the Commission’s 2023 amendments to rule 35d-1 under the Investment Company Act; amendments to Form N-1A [referenced in 17 CFR 239.15A and 17 CFR 274.11A], Form N-2 [referenced in 17 CFR 239.14 and 17 CFR 274.11a-1], Form N-8B-2 [referenced in 17 CFR 274.12], and Form S-6 [referenced in 17 CFR 239.16] under the Investment Company Act and the Securities Act of 1933 (“Securities Act”) [15 U.S.C. 77a *et seq.*]; amendments to Form N-PORT [referenced in 17 CFR 274.150] under the Investment Company Act; amendments to 17 CFR 232.11 (“rule 11 of Regulation S-T”) and 17 CFR 232.405 (“rule 405 of Regulation S-T”) under the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. 78a *et seq.*].

I. DISCUSSION

On September 20, 2023, the Commission adopted amendments to rule 35d-1 under the Investment Company Act, the “names rule,” designed to modernize and enhance the protections

that the rule provides.¹ This rule addresses the names of registered investment companies and business development companies (“BDCs”) that the Commission defines as materially misleading or deceptive.² The amendments broadened the scope of the requirement for certain funds to adopt a policy to invest at least 80 percent of the value of their assets in accordance with the investment focus that the fund’s name suggests.³ The Commission also adopted amendments that updated other names-related regulatory requirements, including by providing enhanced disclosure and reporting requirements related to terms used in fund names and by establishing additional recordkeeping requirements (collectively, “names rule amendments”).⁴ The Commission established tiered compliance dates for the names rule amendments: December 11, 2025 for fund groups with net assets of \$1 billion or more as of the end of their most recent fiscal year; and June 11, 2026 for fund groups with less than \$1 billion in net assets as of the end of their most recent fiscal year (collectively, the “initial compliance dates”).

¹ Investment Company Names, Investment Company Act Release No. 35000 (Sept. 20, 2023) [88 FR 70436 (Oct. 11, 2023)], Investment Company Names; Correction, Investment Company Act Release No. 35000A (Oct. 24, 2023) [88 FR 73755 (Oct. 27, 2023)] (the “Adopting Release”).

² This release refers to registered investment companies and BDCs collectively as “funds.”

³ As adopted in 2001, the names rule generally requires that if a fund’s name suggests a focus in a particular type of investment, or in investments in a particular industry or geographic focus, the fund must adopt a policy to invest at least 80% of the value of its assets in the type of investment, or in investments in the industry, country, or geographic region suggested by its name. In this release, as in the Adopting Release, we refer to a policy that a fund must adopt under the names rule as an “80% investment policy.” The amendments to the names rule expanded the rule’s 80% investment policy requirement to any fund name with terms suggesting that the fund focuses in investments that have, or investments whose issuers have, particular characteristics.

⁴ In addition to the expansion of the scope of the 80% investment policy requirement described in footnote 3 *supra*, the names rule amendments, among other things: require a fund to review its portfolio assets’ inclusion in its 80% basket (the fund’s investments invested in accordance with its 80% investment policy) at least quarterly and include specific time frames—generally 90 days—for getting back into compliance if a fund departs from its 80% investment requirement; generally require funds to use a derivatives instrument’s notional amount to determine the fund’s compliance with its 80% investment policy; generally prohibit an unlisted registered closed-end fund or BDC that is required to adopt an 80% investment policy from changing that policy without a shareholder vote (but permit these funds to change their 80% investment policies without such a vote if the fund conducts a tender or repurchase offer in advance of the change, and if certain other conditions are met); require prospectus disclosure defining the terms used in a fund’s name, including the criteria the fund uses to select the investments that the term describes; effectively require that any terms used in the fund’s names that suggest either an investment focus, or that the fund’s distributions are tax-exempt, must be consistent with those terms’ plain English meaning or established industry use; require additional Form N-PORT reporting; require recordkeeping provisions related to a fund’s compliance with the names rule’s requirements; and update the rule’s requirements to provide shareholders notice prior to any change in the fund’s 80% investment policy.

The Commission has become aware of certain challenges that funds and their service providers are experiencing associated with the timing of the initial compliance dates. As identified by two industry letters, these challenges include numerous and complex steps to implement the names rule amendments in an orderly manner by the initial compliance dates.⁵ The industry letters also identified additional costs associated with coming into compliance in the context of an “off-cycle” disclosure amendment. In this regard, the industry groups have requested that the Commission (i) extend the compliance dates by a minimum of 18 months and (ii) base the compliance date on a fund’s fiscal year-end.⁶

Six-Month Compliance Date Extension

We understand that determining the operational steps necessary to comply with the names rule amendments often requires coordination among multiple departments and parties, including fund service providers for those funds that determine to outsource certain names rule compliance activities. For instance, the development of a names rule compliance plan requires coordination among a fund’s legal, compliance, and operations departments to review and make key compliance decisions, such as whether to change any fund names and strategies. We understand that, in determining whether name changes or strategy changes are necessary, certain funds had threshold questions associated with the names rule amendments.⁷ The industry letters

⁵ Letter to Gary Gensler, Chair, Securities and Exchange Commission, submitted by the Investment Company Institute (Dec. 23, 2024) (“ICI Comment Letter”). This letter is available at <https://www.ici.org/system/files/2025-01/24-cl-extension-compliance-dates.pdf>. See also Letter to Mark T. Uyeda, Acting Chairman (Jan. 29, 2025) (“IAA Comment Letter”) available at <https://www.investmentadviser.org/resources/iaas-regulatory-priorities-for-the-new-administration/> (each letter, an “industry letter”; the letters together, “industry letters”; the ICI and IAA together, “industry groups”).

⁶ See IAA Comment Letter; ICI Comment Letter.

⁷ See IAA Comment Letter; ICI Comment Letter. We note that some of these questions have been discussed in the staff’s 2025 Names Rule FAQs. See 2025 Names Rule FAQs (Jan. 8, 2025), available at <https://www.sec.gov/rules-regulations/staff-guidance/division-investment-management-frequently-asked-questions/2025-names-rule-faqs> (providing staff statements on various implementation and other issues regarding the names rule amendments). The 2025 Names Rule FAQs represent the views of the staff of the Division of Investment Management. They are not rules, regulations, or statements of the Commission, and the Commission has neither approved or disapproved these FAQs or the answers to these FAQs. The FAQs, like all staff statements, have no legal force or effect: they do not alter or amend applicable law, and they create no new additional obligations for any person.

also identified examples of coordination and associated challenges. For instance, an industry letter indicated that the names rule amendments involve collaboration among multiple departments, including compliance, legal, portfolio management, reporting, distribution, and technology, along with third-party vendors.⁸ These departments will execute numerous implementation steps—which often must be completed sequentially as well as concurrently with other workstreams—that include: drafting and adopting appropriate policies and procedures; building compliance, recordkeeping, and reporting processes; updating various disclosures; designing, building, and testing technological systems for trade management, compliance, and recordkeeping functions; and seeking board (along with, in some cases, shareholder) approvals.⁹

While the initial compliance dates were designed in recognition of these implementation steps, we understand that funds' and service providers' actual experience in executing these steps has reflected developments that support the need for additional time to comply.¹⁰ We understand, based on staff discussions with the industry, that many funds' processes for structuring the compliance apparatus of a fund's 80% investment policy, which require development, analysis, and back-testing, have been delayed because some technological systems and service providers' analysis to support these functions are still in development. This delay creates challenges for funds because they are unable to receive pricing and service quotations from those service providers in a timely manner (thus delaying the fund's determination about whether to outsource a function, and their ability to test compliance functions in anticipation of the compliance date). Furthermore, some legacy systems are not currently able to support certain aspects of the names rule amendments, such as enhanced recordkeeping.¹¹ We understand, based on staff discussions

⁸ See ICI Comment Letter.

⁹ *Id.*

¹⁰ See Adopting Release at section II.H.

¹¹ For example, the names rule amendments, in part, require that a fund maintain a written record of its basis for including an investment in the fund's 80% basket. See rule 35d-1(b)(3). We understand, based on staff discussions with industry, that this assessment could include up to 50 data points and that current common software recordkeeping solutions are ill-equipped to capture such a high number of data points.

with the industry, that updated versions of these systems are under development, with some service providers anticipating new versions in summer 2025. We further understand, based on an industry letter and staff discussions with the industry, that the challenges of these implementation tasks (and related systems build-outs) are compounded for funds with subadvisers and derivatives holdings, and that implementation for registered closed-end funds, BDCs and unit investment trusts involves additional unique considerations.¹²

After considering the request for a compliance date extension, we are extending by six months the initial compliance dates for all funds to comply with the names rule amendments so that the compliance date will be June 11, 2026 for larger entities and December 11, 2026 for smaller entities.¹³ While the industry letters recommended a longer (18-month) extension, in our view, the six-month extension that we are adopting—combined with ability to make disclosure changes “on-cycle,” as discussed below—will appropriately balance the benefits to investors of the amended names rule framework with the needs of a fund for additional time to implement the rule and form amendments properly, as well as to continue to develop and finalize compliance systems and test the fund’s compliance plan, which in turn will enhance the benefit to investors. Moreover, because we are also modifying the operation of the compliance dates based on funds’ fiscal year-ends, as discussed below, most funds effectively will have additional time to comply

¹² See ICI Comment Letter. For example, a fund may have multiple subadvisers, each of which may initially define differently the same term used in the fund’s name. Developing a unified approach across subadvisers for this and similar issues can be time-consuming for funds. Further, we understand that both funds and their service providers are experiencing challenges with the multiple necessary systems modifications—including those for funds that hold derivatives—that must be made at the same time to develop names rule compliance solutions. While these compliance activities were contemplated under the initial compliance dates, in practice funds are experiencing that they are taking longer than the time available to meet the initial compliance dates, including to modify legacy systems to address these compliance issues.

¹³ For purposes of this extended compliance period (as for the initial compliance dates provided in the Adopting Release), larger entities are funds that, together with other investment companies in the same “group of related investment companies” (as such term is defined in 17 CFR 270.0-10) have net assets of \$1 billion or more as of the end of the most recent fiscal year, and smaller entities are funds that together with other investment companies in the same “group of related investment companies” have net assets of less than \$1 billion as of the end of the most recent fiscal year. This standard is consistent with prior Commission approaches for tiered compliance dates based on asset size for rules affecting registered investment companies. See Adopting Release at n.434. In the Adopting Release, the Commission estimated that, as of December 2022, 77% of registered investment companies would be considered to be larger entities and that as of March 2023, 48% of BDCs would be considered to be larger entities. Adopting Release at section II.H.

with the names rule amendments (with some funds having close to an additional year to comply, depending on the timing of their fiscal year-ends).

Tying Compliance Timing to Funds' Fiscal Year-Ends

Continuously-offered funds generally update their prospectuses on an annual cadence to comply with the requirement in the Securities Act that information in the fund's registration statement is no more than sixteen months old.¹⁴ While funds that do not make continuous offerings are not subject to this same annual prospectus updating cadence, there are certain disclosure and reporting obligations for these funds that require similar annual action.¹⁵

For open-end funds, if the fund's annual prospectus amendment makes material changes to the fund's registration statement, the amendment must be filed with the Commission at least 60 days before the time that the amendment is effective.¹⁶ Consequently, most open-end funds filing an annual update with material changes will file at least 60 days before the four months following the fund's fiscal year-end. Post-effective amendments timed on this annual cadence are described as "on-cycle" amendments. We understand that there can be significant costs associated with "off-cycle" post-effective amendments, which may be borne by investors.¹⁷

To avoid the additional costs associated with coming into compliance with the names rule amendments in the context of an "off-cycle" amendment, two industry groups have requested

¹⁴ See section 10(a)(3) of the Securities Act (providing that when a prospectus is used more than nine months after the effective date of the registration statement, the information contained therein shall be as of a date that is no more than sixteen months prior to such use); see also 17 CFR 270.8b-16 (rule 8b-16 under the Investment Company Act, requiring all registered management investment companies to amend their registration statements not more than 120 days after the close of each fiscal year-end).

¹⁵ See section 30(e) under the Investment Company Act (requiring registered investment companies to transmit semiannual reports to stockholders); sections 13(a) and 15(d) of the Exchange Act (requiring, in part, issuers registered pursuant to section 12 of the Exchange Act to file periodic reports with the Commission); see also 17 CFR 210.3-12 (rule 3-12 of Regulation S-X). A BDC must file annual reports on Form 10-K (referenced in 17 CFR 429.310). Registered investment companies (including those open-end funds and closed-end funds that are registered solely under the Investment Company Act) must annually update their registration statements not more than 120 days after the close of their fiscal year-end. See rule 8b-16(a) under the Investment Company Act. Registered closed-end funds are exempt from this requirement under rule 8b-16(a), provided that they disclose certain information in their annual reports to shareholders. See rule 8b-16(b) under the Investment Company Act.

¹⁶ See 17 CFR 230.485(a)(1).

¹⁷ See ICI Comment Letter.

that the compliance date for the names rule amendments be based on the timing of a fund’s “on-cycle” amendments.¹⁸ To comply with the names rules amendments, funds must modify their prospectus disclosure and may have to change their names and/or investment policies and disclosure. In order for a fund’s prospectus disclosure not to be misleading, the disclosure made in the fund’s prospectus must reflect the fund’s actual operations. Accordingly, if a fund’s “on-cycle” amendment was due before the applicable initial compliance date, the fund would have to either comply early, to include accurate disclosure about the fund’s 80% investment policy in that annual amendment, or take the full compliance period permitted but incur the costs of an off-cycle amendment on or before the compliance date. For example, a fund with a fiscal year-end of December 31 that is filing a post-effective amendment under rule 485(a) would have to file an “on-cycle” amendment to meet its annual disclosure obligations by March 2, 2025 to have an effective date 60 days later, on May 1, 2025. Effectively, under the initial compliance dates, many funds would have to choose between complying earlier than the initial compliance dates permitted, or taking the full compliance period but incurring the expense of an “off-cycle” amendment.¹⁹

After considering the industry groups’ requests, the Commission has determined to modify the operation of the compliance dates to allow for compliance based on the timing of certain annual disclosure and reporting obligations that are tied to the fund’s fiscal year-end. Therefore, a new fund will be required to be in compliance with the names rule amendments at the time of the effective date of its initial registration statement that the fund files on or following the new compliance dates, that is, June 11, 2026 (for larger entities) or December 11, 2026 (for smaller entities).²⁰ An existing open-end fund (or other continuously-offered fund) will be

¹⁸ See IAA Comment Letter; ICI Comment Letter.

¹⁹ Funds with certain fiscal year-ends may be more significantly affected by this dynamic than others. See ICI Comment Letter.

²⁰ A new fund that registers with the Commission solely under the Investment Company Act will be required to be in compliance with the names rule amendments on the date the fund files its registration statement on or following the new compliance dates, that is, June 11, 2026 (for larger entities) or December 11, 2026

required to be in compliance with the names rule amendments at the time of the effective date of its first “on-cycle” annual prospectus update that the fund files on or following June 11, 2026 (for larger entities) or December 11, 2026 (for smaller entities).²¹ An existing registered closed-end fund that relies on rule 8b-16(b) will need to be in compliance at the time of the transmittal of its first annual report to shareholders on or following June 11, 2026 (for larger entities) or December 11, 2026 (for smaller entities). An existing BDC that is not engaged in a continuous offering will need to be in compliance at the time of the filing of its first annual report on Form 10-K on or following June 11, 2026 (for larger entities) or December 11, 2026 (for smaller entities).

Tying a continuously-offered fund’s names rule compliance to the fund’s annual prospectus update will allow the fund to take the full compliance period to comply with the names rule amendments without having to make an off-cycle amendment. Funds that are not continuously offered likewise will be able to take the full compliance period and maintain their normal disclosure and reporting practices. Investors will benefit by not bearing the costs associated with off-cycle amendments.²²

II. ECONOMIC ANALYSIS

The Commission is mindful of the economic effects, including the costs and benefits, of the compliance date extension. Section 2(c) of the Investment Company Act provides that when

(for smaller entities). A privately offered BDC will be required to be in compliance with the names rule amendments on the effective date of the BDC’s filing on Form 10, or the filing of its election to be regulated as a BDC on Form N-54A, on or following the new compliance dates, that is, June 11, 2026 (for larger entities) or December 11, 2026 (for smaller entities).

²¹ A fund that registers with the Commission solely under the Investment Company Act and does not rely on rule 8b-16(b) under the Investment Company Act will be required to be in compliance with the names rule amendments on the date the fund files its annual update required by rule 8b-16(a) on or following the new compliance dates, that is, June 11, 2026 (for larger entities) or December 11, 2026 (for smaller entities).

²² The Commission has adopted compliance periods in other circumstances based on the timing of certain disclosure and reporting obligations. *See, e.g.*, Tailored Shareholder Reports for Mutual Funds and Exchange-Traded Funds; Fee Information in Investment Company Advertisements, Securities Act Release No. 11125 (Oct. 26, 2022) [87 FR 72758 (Nov. 25, 2022)]; Management’s Discussion and Analysis, Selected Financial Data, and Supplementary Financial Information, Securities Act Release No. 10890 (Nov. 19, 2020) [86 FR 2080 (Jan. 11, 2011)]; Enhanced Disclosure and New Prospectus Delivery Option for Registered Open-End Management Investment Companies, Investment Company Act Release No. 28584 (Jan. 13, 2009) [74 FR 4546 (Jan. 26, 2009)].

the Commission is engaging in rulemaking under the Act and is required to consider or determine whether an action is consistent with the public interest, the Commission shall also consider whether the action will promote efficiency, competition, and capital formation, in addition to the protection of investors.

The baseline against which the costs, benefits, and the effects on efficiency, competition, and capital formation of the final rule are measured consists of the current state of the fund market, current practice as it relates to fund names and investment policies, and the current regulatory framework, including recently adopted rules.

The amendments to the names rule adopted in 2023 affect all registered investment companies, BDCs, and current and prospective fund investors.²³ As discussed more fully above, funds and their service providers have faced implementation challenges associated with the timing of the initial compliance dates, and these challenges entail particular complexities for funds with subadvisers or derivative holdings. An industry letter also stated that funds may have to choose between coming into compliance with the rule before the initial compliance date or facing additional costs to file an “off-cycle” amendment.²⁴ Based on these comments and staff discussion with the industry, the Commission has determined to extend the compliance dates by six months and modify them based on the type of fund and the extant timing of their periodic filings, as discussed above.

The extension of the compliance date will reduce the cost of the names rule amendments in two ways. First, by extending the compliance period of the rule, some funds may be able to avoid additional costs when coming into compliance with the requirements of the names rule amendments.²⁵ For example, because many of the steps funds take in implementing policies

²³ See Adopting Release at section IV.C.

²⁴ See ICI Comment Letter.

²⁵ Extending the names rule amendments’ compliance dates will likely mitigate the costs identified in two subsequent Commission adopting releases, which acknowledged potential costs resulting from overlapping compliance periods with the names rule: Regulation S-P: Privacy of Consumer Financial Information and Safeguarding Customer Information, Securities and Exchange Act Release No. 100155 (May 16, 2024) [89

consistent with the requirements of the names rule amendments may be done sequentially and involve coordination with service providers, some funds may decide to speed up their implementation process by temporarily hiring additional compliance staff or utilizing external resources in ways that could be less efficient than using extant internal resources over a longer time horizon. Extending the compliance date will make it less likely that funds would decide to use more costly implementation methods to meet the deadline. Second, as discussed above, absent the modification of the compliance date related to the fiscal year of the fund, some funds might have faced additional costs to come into compliance before the initial compliance date or to file an “off-cycle” amendment. The modifications to the compliance date in this rule eliminate those costs. These cost reductions will not apply or be mitigated for entities that have already completed or nearly completed the steps required to come into compliance with the names rule amendments.

The extension of the compliance date will also postpone the benefits of the names rule amendments. Specifically, the names rule amendments should increase investor confidence that funds’ portfolios are aligned with the investment focus suggested by their names and align fund investments with the preferences of investors. These benefits may not accrue for an additional six months or more depending on a fund’s fiscal year end. Further, benefits described in the Adopting Release that will exist because of investor confidence arising from the amended rule may not fully realize until all funds must comply with the requirements of the names rule

FR 47688 (June 3, 2024)] (“Customer Notification Adopting Release”) at section IV.D, and Form N-PORT and Form N-CEN Reporting; Guidance on Open-End Fund Liquidity Risk, Investment Company Act Release No. 35308 (Aug. 28, 2024) [89 FR 73764 (Sep. 11, 2024)] (“Form N-PORT and Form N-CEN Reporting Adopting Release”) at section IV.C.5. The Customer Notification Adopting Release’s compliance date for larger entities is Dec. 3, 2025, and for smaller entities, June 3, 2026. The Form N-PORT and Form N-CEN Reporting Adopting Release’s compliance date for larger entities is November 17, 2025, and for smaller entities, May 18, 2026. As explained in those two releases, where overlap in compliance periods exists, the Commission acknowledges that there may be additional costs on those entities subject to one or more other rules, but spreading the compliance dates out over an extended period limits the number of implementation activities occurring simultaneously. By contrast, the names rule amendments’ compliance dates extension will not affect the potential costs from overlapping compliance periods acknowledged in the Adopting Release because the compliance periods for the other rules identified in the Adopting Release have concluded. *See* Adopting Release at section IV.D.2.

amendments. To the extent that funds do not disclose to investors the applicability of the names rule amendments on such funds prior to their annual prospectus update, investors may have uncertainty about whether a particular fund is required to comply with the names rule amendments until such annual prospectus updates are made.

The extension of the compliance dates will also delay the effects on market efficiency, competition, and capital formation described in the Adopting Release since these effects are predicated on funds coming into compliance with the names rule amendments. These effects will likely gradually take effect as funds are required to comply, with the largest changes in the effects happening when all funds are required to comply. Additionally, funds with later compliance dates may temporarily experience a small comparative advantage compared to funds with earlier compliance dates because for funds with later compliance dates the cost of compliance may be lower.²⁶ This is because they likely could reduce and/or defer at least some of the direct compliance costs and the additional requirements placed on the relationship between fund names and their portfolios would apply later as well. This comparative advantage could create adverse effects on competition; it also could reduce market efficiency if investors choose funds that are less tailored to their investment priorities because the funds have lower costs. Any such effects would likely be small, however, given that the cost disparity between early-complying funds and late-complying funds is small and that it is unlikely that early-complying and late-complying funds will have large, persistent fund flow differentials during the period in which some but not all funds must fully comply with the names rule amendments.

Lastly, the Commission considered reasonable alternatives to the new compliance date, including an 18-month extension as requested in the industry letters. While a longer compliance date extension may further mitigate compliance costs for funds for the reasons discussed above,

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As described above, the more time a fund has to come into compliance with the names rule amendments, the more possibilities the fund has to avoid certain costs.

it would also further delay the accrual of the benefits associated with the names rule amendments.²⁷

III. PROCEDURAL AND OTHER MATTERS

The Administrative Procedure Act (“APA”) generally requires an agency to publish notice of a rulemaking in the *Federal Register* and provide an opportunity for public comment. This requirement does not apply, however, if the agency “for good cause finds . . . that notice and public procedure are impracticable, unnecessary, or contrary to the public interest.”²⁸

For the reasons discussed above, the Commission, for good cause, finds that notice and solicitation of public comment to extend the compliance dates for the names rule amendments are impracticable, unnecessary, or contrary to the public interest.²⁹ This notice does not impose any new substantive regulatory requirements on any person and merely reflects the extension of the compliance dates for the names rule amendments. For the reasons discussed above, an extension of the compliance dates to June 11, 2026 for larger entities and to December 11, 2026 for smaller entities, as well modifying the operation of the compliance dates to allow for compliance based on the timing of certain annual disclosure and reporting obligations that are tied to the fund’s fiscal year-end, is needed to alleviate various challenges associated with the initial compliance dates and will facilitate an orderly implementation of the names rule amendments. Funds must begin preparing to come into compliance well before the compliance date in order to be fully in compliance on that date.³⁰ Many funds, particularly those with certain fiscal year-ends, must make compliance-related decisions imminently if they want to avoid

²⁷ See Adopting Release at section IV.D.1.

²⁸ 5 U.S.C. 553(b)(B).

²⁹ See section 553(b)(B) of the Administrative Procedure Act (5 U.S.C. 553(b)(B)) (stating that an agency may dispense with prior notice and comment when it finds, for good cause, that notice and comment are “impracticable, unnecessary, or contrary to the public interest”).

³⁰ The Commission has received post-effective amendments filed by several funds in anticipation of the initial compliance dates.

having to file “off-cycle” amendments to their disclosure.³¹ Given the time constraints associated with upcoming initial compliance dates, a notice and comment period could not reasonably be completed prior to funds incurring unnecessary burdens and other challenges concerning with meeting the initial compliance dates.

For similar reasons, although the APA generally requires publication of a rule at least 30 days before its effective date, the requirements of 5 U.S.C. 808(2) are satisfied (notwithstanding the requirement of 5 U.S.C. 801)³² and the Commission finds there is good cause for the names rule amendments to take effect on [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].³³ The Commission recognizes the importance of providing funds sufficient notice of the extended compliance dates, and providing immediate effectiveness upon publication of this release will allow industry participants to adjust their implementation plans accordingly.

Pursuant to the Congressional Review Act, the Office of Information and Regulatory Affairs has designated these amendments as not a “major rule,” as defined by 5 U.S.C. 804(2).

By the Commission.

Dated: March 14, 2025.

Vanessa A. Countryman,

Secretary.

³¹ Nearly 70% of funds have fiscal year-ends between August and December. *See* Form N-PORT and Form N-CEN Reporting; Guidance on Open-End Fund Liquidity Risk Management Programs, Investment Company Act Release No. 35308 (Aug. 28, 2024) [89 FR 73764 (Sept. 11, 2024)], at section IV.B.2.

³² *See* 5 U.S.C. 808(2) (if a Federal agency finds that notice and public comment are impracticable, unnecessary or contrary to the public interest, a rule shall take effect at such time as the Federal agency promulgating the rule determines). This rule also does not require analysis under the Regulatory Flexibility Act. *See* 5 U.S.C. 604(a) (requiring a final regulatory flexibility analysis only for rules required by the APA or other law to undergo notice and comment). Finally, this rule does not contain any collection of information requirements as defined by the Paperwork Reduction Act of 1995 (“PRA”). 44 U.S.C. 3501 *et seq.* Accordingly, the PRA is not applicable.

³³ *See* 5 U.S.C. 553(d)(3).

