Letter from the Investment Company Institute

March 13, 2026

By electronic transmission

Ms. Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street NW
Washington, DC 20549-1090

Re: Amendments to the "Small Business" and "Small Organization" Definitions for Investment Companies and Investment Advisers for Purposes of the Regulatory Flexibility Act (File No. S7-2026-01)

Dear Ms. Countryman:

The Investment Company Institute[1] strongly supports amending the definitions of "small business" and "small organization" under the Investment Company Act of 1940 (the "Investment Company Act") and the Investment Advisers Act of 1940 (the "Investment Advisers Act") to better reflect the growth of the asset management industry over the past 40-plus years.[2] These amendments are long overdue and represent an important step toward more effective rulemaking that considers the regulatory burdens faced by smaller funds[3] and

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[1] The Investment Company Institute (ICI) is the leading association representing the asset management industry in service of individual investors. ICI's members include mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs) in the United States, and UCITS and similar funds offered to investors in other jurisdictions. Its members manage $44.7 trillion invested in funds registered under the US Investment Company Act of 1940, serving more than 125 million investors. Members manage an additional $10.4 trillion in regulated fund assets managed outside the United States. ICI also represents its members in their capacity as investment advisers to collective investment trusts (CITs) and retail separately managed accounts (SMAs). ICI Associate Members include service providers to member firms and CIT trust companies. ICI has offices in Washington DC, Brussels, and London.

[2] *Amendments to the "Small Business" and "Small Organization" Definitions for Investment Companies and Investment Advisers for Purposes of the Regulatory Flexibility Act*, SEC Release Nos. IA-6935; IC-35864 (Jan. 7, 2026), ("proposal"), available at https://www.sec.gov/files/rules/proposed/2026/ia-6935.pdf.

[3] We use the term "funds" to refer to open-end funds, closed-end funds, business development companies (BDCs), and unit investment trusts.

advisers, consistent with the Regulatory Flexibility Act's (RFA) mandate to ensure that regulation minimizes significant economic impacts on smaller entities.[4]

Small funds and small advisers play vital roles in the asset management landscape. They contribute to competition, innovation, investor choice, and capital formation, often serving investors through specialized strategies. Updating the small entity definitions is essential to ensuring that the Commission's RFA analyses capture those funds and advisers that are most sensitive to the burdens and costs that regulation imposes.

We strongly support the proposal's overall direction and many of its specific components. Specifically, we:

- Support the Commission's approach to amending the definitions of small fund and small adviser to better reflect the growth of the asset management industry;
- Support the methodology used to reach the proposed $10 billion threshold for funds, and recommend that the Commission use data from a date closer to the adoption of a final rule to account for recent market growth;
- Support the Commission's continued use of regulatory assets under management (RAUM) as a key metric for advisers, and support the proposed increase in the small adviser threshold from $25 million to $1 billion; and
- Strongly support periodic adjustments to the asset-based thresholds in rules 0-10 and 0-7 while recommending an adjustment mechanism that more accurately reflects market growth (i.e., the proposal's own asset-based distribution analysis) and occurs every seven years.

More generally, we encourage the Commission to view this rulemaking not as an endpoint, but as a first step towards future rulemakings that more thoroughly account for the unique challenges faced by smaller funds and advisers. More rigorous consideration of the compliance burdens on smaller entities—including tailoring of rule provisions and compliance dates where appropriate—should be an integral part of all SEC rulemakings.

I. Background

A. Regulatory Flexibility Act and the Commission's Prior Rulemaking

Signed into law in 1980, the RFA requires the Commission to determine if a rulemaking (at both the proposal and final rule stages) is likely to have a "significant economic impact on a

[4] *See* Commissioner Mark T. Uyeda, Remarks to the Investment Company Institute's 2025 Investment Management Conference (March 17, 2025), *available at* www.sec.gov/newsroom/speeches-statements/uyeda-ici-031725 (noting the importance of "burden analysis" and how the SEC thinks about rules' impacts on small entities).

substantial number of small entities."[5] The RFA requires the Commission to estimate the number of small entities to which a rule would apply, take small entity considerations and relevant alternatives into account when proposing rules, and weigh public input on small entity considerations when adopting final rules. The RFA is meant to protect smaller industry participants, creating a statutory mandate for the Commission to consider rulemaking burdens on small entities. Without this protection, smaller entities might, over time, become less competitive in the marketplace. Additionally, rulemaking that is not property calibrated may create barriers to entry for new market participants.

In 1982, the Commission adopted rule 0-10 under the Investment Company Act and rule 0-7 under the Investment Advisers Act, to define "small organization" for funds and "small business" for investment advisers.[6] The SEC last amended the small entity definitions in 1998, and actually *narrowed* them.[7] Currently:

- A fund is deemed to be "small" if it, together with other investment companies in the same "group of related investment companies," has net assets of $50 million or less as of the end of its most recent fiscal year; and
- An investment adviser is deemed to be "small" if it: (i) has RAUM of less than $25 million (the "RAUM Threshold"); (ii) did not have total assets of $5 million or more on the last day of the most recent fiscal year (the "Total Assets Threshold"); and (iii) does not control, is not controlled by, and is not under common control with (a "control relationship") another investment adviser that has assets under management of $25 million or more, or any person (other than a natural person) that had total assets of $5 million or more on the last day of the most recent fiscal year (the "Control Relationship Threshold").

Since 1982, the asset management industry has experienced extraordinary growth in assets, product offerings, and operational complexity. Yet the rules' asset-based thresholds have remained static. Only a tiny percentage of fund complexes and investment advisers are small

5 *See* 5 U.S.C. 602.

6 *See* Final Definitions of "Small Business" and "Small Organization" for Purposes of the Regulatory Flexibility Act, SEC Release Nos. IA-791; IC-12194 (Jan. 28, 1982).

7 In 1998, the Commission amended the small fund definition to require funds to aggregate their net assets with all other funds in the same "group of related funds" for purposes of determining which funds are considered small under rule 0-10. The $50 million threshold otherwise remained the same. The Commission also amended the small adviser definition to require advisers to aggregate their total RAUM with affiliated advisers for purposes of determining which advisers are considered small under rule 0-7. The adviser threshold was also lowered to from $50 million to $25 million to align with federal registration requirements. The net effect of these amendments was fewer funds and advisers being considered small under the rules. *See* Definitions of "Small Business" or "Small Organization" Under the Investment Company Act of 1940, Investment Advisers Act of 1940, the Securities Exchange Act of 1934, and the Securities Act of 1933, SEC Release Nos. IA-1727; IC-23272 (Jun. 24, 1998).

entities under the current definitions.[8] Modernizing these definitions is essential if RFA analyses are to be meaningful for funds and advisers.[9]

B. Importance of Smaller Funds and Advisers

Smaller funds and advisers play an important and distinct role in the asset management landscape, which has seen growing concentration among the largest 25 complexes.[10] Smaller fund complexes are often a source of innovation in the fund industry, as they tend to offer more niche fund products to investors to differentiate themselves from larger fund complexes. For example, 13.6% of actively managed equity mutual fund net assets at small fund complexes were in small-cap equity funds at year-end 2025, compared with just 4.7% at large fund complexes.[11]

Smaller advisers employ diverse investment philosophies and portfolio construction approaches. Their presence broadens investor choice, supports competitive pricing, and reduces industry concentration.

Smaller fund complexes often provide greater investor access to a firm's senior leadership and portfolio managers, fostering more direct communication. This accessibility may enhance investor confidence and engagement.

Additionally, smaller fund complexes are often deeply embedded in their local communities. Smaller advisers frequently maintain a visible presence in regional markets, supporting local employment, philanthropy, and civic engagement. Many sponsor charitable initiatives, community foundations, educational programs, and local economic development efforts that might otherwise not receive such support.

C. Challenges Faced by Smaller Funds and Advisers

Smaller funds and advisers frequently operate with fewer internal resources (including technology, systems, and capital), leaner staffs, and less bargaining power when engaging

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[8] The SEC estimates that, as of the fourth quarter of 2024, approximately 0.6% of funds and, as of 2025, approximately 3% of advisers were considered "small" under the current thresholds.

[9] The SEC has implicitly acknowledged that the thresholds are too low in recent rulemakings by setting the threshold for "smaller entities" higher for purposes of compliance timelines in particular rulemakings. *See, e.g.*, *Investment Company Names*, SEC Release No. 33-11238 (Sept. 20, 2023) (defining smaller funds as those that together with other funds 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).

[10] For more information, *see* the *2025 Investment Company Fact Book* (at 34), *available at* www.icifactbook.org.

[11] In this example, "small" fund complexes are those with aggregate mutual fund assets less than $10 billion (excluding money market funds).

third-party service providers to assist with the long and growing list of compliance and operational functions. These entities often face disproportionately higher compliance costs (as a percentage of total assets under management) than larger complexes that can spread their fixed costs across a broader asset base. For example, the average fund size for actively managed equity mutual funds at small fund complexes was $333 million at year-end 2025, far smaller than the average fund size of $3.4 billion at larger fund complexes.[12] As a result, average expense ratios at small fund complexes tend to be higher than the industry average.[13] Because investors assess funds in part on their net performance, smaller funds' higher per-asset compliance costs disadvantage them and can reinforce larger funds' structural scale advantages. The upshot is that increased regulation can reduce competitive diversity within the asset management industry.

In some instances, compliance-related costs have contributed to smaller firms needing to merge or cease operations. This outcome is not surprising considering the cumulative burdens of rulemaking and the successive waves of regulatory requirements imposed on funds and advisers.[14] This observation is not intended to suggest that all new rules have been unwarranted or misguided; to the contrary, we have supported several SEC rulemakings in recent years. Nevertheless, the volume has been substantial, and even individual rulemakings with beneficial attributes can also include components that generate significant initial and ongoing compliance costs.[15]

For these reasons, regulatory flexibility—whether in the form of modified requirements, extended compliance timelines, or alternative compliance approaches—is particularly

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[12] *Id*.

[13] Additionally, smaller fund complexes often have in place fee waivers and expense reimbursements to remain competitive with their larger peers. These waivers create tighter margins on smaller fund complexes. In 2024, actively managed equity mutual funds with less than $500 million in net assets waived an average 82 basis points of their gross expense ratio, while actively managed equity mutual funds greater than $500 million waived an average 4 basis points.

[14] The enclosed appendix contains a partial list of major SEC rulemakings directly affecting funds and advisers over the last 15 years. This list does not include SEC rulemakings that have more indirectly affected these entities, or rulemakings from other agencies.

[15] A good example of this is the SEC's 2022 tailored shareholder report (TSR) rulemaking. Compared to prior shareholder reports, the TSR is a much more streamlined, user-friendly presentation of key information such as performance, expenses, and material changes. But this package of rule amendments also reversed progress toward electronic delivery of important financial information (e-delivery), a reform that is overwhelmingly popular with investors; mandated costly share class-level reporting instead of fund-level reporting; and redefined "appropriate broad-based securities market index" in a way that in many cases obscures relative fund performance. *See "What the Tailored Shareholder Report Rules Get Right—and What They Miss,"* Jason Nagler, Kenneth Fang, and Erica Evans, ICI (Nov. 21, 2025), *available at* https://www.ici.org/ici-viewpoints/what-the-tailored-shareholder-report-rules-get-right-and-what-they-miss.

important for smaller entities. Effective RFA analyses depend on definitions that capture this population more accurately.

II. Specific Comments on the Proposal

A. Small Funds: Proposed Amendments to Rule 0-10

The proposal would amend rule 0-10 under the Investment Company Act to increase the net asset threshold for small funds from $50 million to $10 billion. For purposes of determining net assets, a fund would aggregate its assets with those of all funds in its "family of investment companies" as that term is used in Item B.5 of Form N-CEN.[16] We evaluate these proposed changes below.

a. We Support Using AUM and the Fund Family Definition for Funds

In arriving at the proposed $10 billion threshold for funds, the Commission began by sorting all fund families into percentiles, from smallest to largest, according to total net assets at the end of their 2024 fiscal years. The Commission then further considered the percentage of individual funds and percentage of total fund assets captured at each percentile. A $10 billion threshold would mean that about 80% of fund families and 22.91% of individual funds are deemed small, representing 2.13% of total fund assets.

We support this approach. It makes sense to define small funds in relation to their families rather than simply applying an AUM size threshold to each individual fund (a large, well-resourced complex often has small individual funds). While no single metric perfectly captures what it means to be "small," aggregating the assets of funds within the same complex is a reasonable proxy for operational resources available to a fund and is consistent with how economies of scale function in practice.

Additionally, the SEC already collects the fund family AUM figure through existing fund reporting, so using it would not create new reporting burdens on funds. We therefore support replacing the existing "group of related investment companies" concept with the "family of investment companies" definition used in Form N-CEN, which will create an efficient and administrable framework for the SEC and funds. We would not support a change that would create new regulatory obligations for funds, such as new reporting or disclosure.

We also generally support the Commission's approach of considering the percentile of fund families that captures a reasonable number of individual funds and total fund assets to set the

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[16] Item B.5 defines "family of investment companies" as "any two or more registered investment companies that (i) share the same investment adviser or principal underwriter; and (ii) hold themselves out to investors as related companies for purposes of investment and investor services."

proposed threshold. We agree with the Commission's reasoning that if too many funds are deemed to be small, the utility of such a designation can diminish.

While we ultimately support this approach because it is clear, objective, and easily administered, we also recognize that other factors may contribute to a fund complex considering itself "small," including the number and types of funds in a complex, the number of employees at the fund sponsor, and the composition of a fund's shareholder base. We encourage the SEC to keep such factors in mind when proposing and adopting rules.

b. Proposed $10 Billion Small Entity Threshold Should be Adjusted to Reflect Recent Market Growth

Increasing the small fund threshold from $50 million to $10 billion would be a significant and welcome improvement. Fewer than 0.5% of funds (and about 7% of fund complexes) are considered small under the current threshold, and approximately 3% of funds (and 43% of fund complexes) are considered small under the $1 billion threshold used in recent rulemakings.[17] Increasing the threshold to $10 billion would mean 22.1% of funds (across 80% of fund complexes) would qualify as small. This increased population of small funds would result in the Commission receiving more input on the practical implications and costs of rule proposals on smaller entities. The Commission might then properly calibrate its rules to strike the right balance between compliance costs and intended benefits. Importantly, this approach and these outcomes will benefit all funds—small, medium, and large.

While we support the proposed $10 billion threshold, we encourage the SEC to adjust it upward to account for the market growth of the past two years. The SEC's analysis used net assets of funds based on fiscal year ends throughout 2024. Between July 1, 2024, and February 28, 2026, however, the Wilshire 5000 total stock market index rose nearly 29%, and the S&P US Aggregate Bond Index rose 11%.[18] Further, open-end funds—which account for the vast majority of fund assets—recorded inflows of $782 billion over the same period. This growth, in combination with any subsequent growth between now and when a final rule goes into effect, supports a $12 billion threshold.

A starting threshold of $12 billion would only marginally increase the percentage of funds and complexes covered. For example, in our own analysis that effectively follows the SEC's, we find that just 1.4% of additional funds, 2.0% of additional complexes, and 0.3% of additional total industry assets are covered under an increased $12 billion net assets threshold.[19] These

[17] *See* note 9.

[18] Data are based on ICI calculations of Refinitiv and S&P Global data.

[19] These calculations are based on ICI's own internal database of funds and fund complexes. ICI's database of fund complexes is somewhat broader than Item B.5 on Form N-CEN, but is generally very similar when used to parse the data in this manner.

small increases are well within a margin of error around the targets for fund and complex coverage identified in the proposal.

As discussed in Section III below, regardless of the final threshold, we encourage the Commission to consider in each future rulemaking whether the small fund threshold should be set higher to account for a rule's requirements and anticipated burdens.

B. Small Advisers: Proposed Amendments to Rule 0-7

The proposal would amend rule 0-7 under the Investment Advisers Act to increase the RAUM Threshold for small advisers from $25 million to $1 billion. The proposal would similarly increase the Control Relationship Threshold from $25 million to $1 billion to align with the increased RAUM Threshold. Lastly, the proposal would amend Form ADV to reflect the increases in these thresholds.

a. RAUM-Based Methodology

We support the Commission's continued use of RAUM as a key metric for defining a small investment adviser. RAUM is well understood, widely used, and readily available to the Commission. While other metrics—such as number of employees—can provide useful insight, RAUM remains a practical and objective standard for RFA purposes.

b. Proposed $1 Billion RAUM Threshold

Increasing the small adviser threshold from $25 million to $1 billion is a substantial and necessary update. The current threshold excludes nearly all SEC-registered advisers, diminishing the quality of RFA analyses. A $1 billion RAUM Threshold would capture about 75% of advisers but under 3% of total RAUM in the industry.

We generally support the Commission's approach in determining the proposed $1 billion threshold. However, we encourage the Commission to consider the implications of setting the small adviser threshold at a level that differs considerably from the proposed small fund threshold. This mismatch could produce anomalous outcomes—for example, where an adviser managing only funds with a few billion dollars total would not be considered "small," while the funds it manages would.

To avoid this gap, the SEC could consider adjusting upward the RAUM Threshold. At a minimum, we expect that the SEC would carefully consider feedback from a complex that is "small" under one definition but not the other. The Commission should also clarify in applicable individual rulemakings that if either a fund complex or its adviser qualifies as small, both would be treated as small for purposes of that rulemaking. This would help in cases where rulemaking includes both fund and adviser compliance requirements, reducing implementation complexity and avoiding inconsistent compliance obligations within the same complex.

Here too, we encourage the Commission to consider for each individual rulemaking whether the RAUM Threshold for smaller advisers should be higher than the rule's (e.g., when allowing for "tiered" compliance schedules).

C. Periodic Adjustments of Asset-Based Thresholds

The proposal would introduce a mechanism for periodic future adjustments to the asset-based thresholds in the rules' small entity definitions. As proposed, the Commission would issue an order every ten years to adjust the net asset threshold for funds and the RAUM Threshold, Total Assets Threshold, and Control Relationship Threshold for advisers. The asset-based thresholds would be adjusted for inflation using the Personal Consumption Expenditures Chain-Type Price Index (the "PCE Index").

a. ICI Strongly Supports Periodic Adjustments to the Thresholds

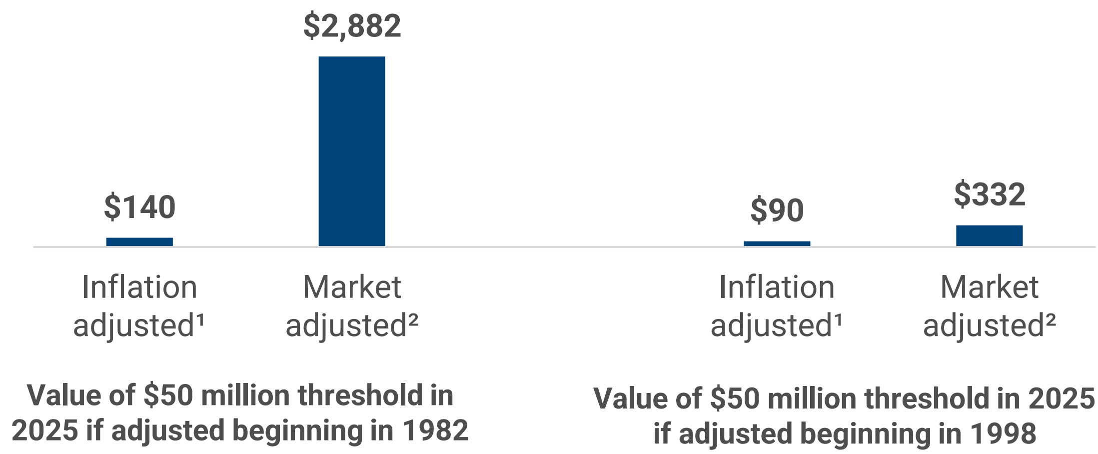
We strongly support automatic periodic adjustments to the asset-based thresholds in each rule. The failure to update the thresholds over decades has rendered the existing definitions obsolete. Without an established plan for automatic future adjustments, the appropriateness of new thresholds would erode over time. A set plan for automatic adjustments is the best way to ensure the asset-based thresholds remain at reasonable levels to promote rigorous consideration of the economic impact on small entities during rulemakings.

b. An Inflation-Based Adjustment Mechanism Is Not Sufficient

Adjustments to the thresholds should reflect and capture significant shifts in industry size and composition.[20] An inflation-based adjustment is unlikely to meet this objective. Asset growth in the fund industry has far outpaced general inflation, and future inflation-based adjustments are unlikely to reflect changes in industry structure, market concentration, or relative fund sizes. For example, if the PCE Index were used to adjust the $50 million threshold from 1982, the small fund threshold would be just $140 million today (Figure 1). Adjusting the threshold instead for market growth also would have been insufficient, reaching only about $2.9 billion at year-end 2025. An important reason why the market growth adjustment falls short of the proposal's distribution-based analysis is that it does not account for fund flows. Over the past few decades, fund flows into mutual funds and ETFs have accounted for a substantial portion of the growth in fund assets.

[20] For example, the change in the small entity definition in 1998 led to a *decrease* in the percentage of funds covered by the rule, from 62.4% (based on the SEC's analysis) to about 0.7% (based on ICI data). *See supra* note 7. And today, the percentage of funds covered by the existing rule is just 0.4%. These dramatic drops should be avoided in the future.

Figure 1
Inflation and Market Growth Measures Fail to Reflect Changes in the Fund Industry Over Long Periods
Growth in $50 million threshold from 1982 and 1998, millions of dollars



[1]Inflation is measured using the using the change in the PCE Index. Inflation for year-end 2025 is measured using November data.
[2]The market adjustment is measured by adjusting the $50 million threshold annually assuming 60% is invested in stocks and 40% in bonds. Data for stocks is the FT Wilshire 5000 Total Return Index, and data for bonds is the FTSE US Broad Investment Grade Corporate Bond Index.
Sources: Federal Reserve Bank of St. Louis (FRED), Bloomberg, and Morningstar

To keep asset-based thresholds relevant, we recommend that the Commission apply a data-driven, asset-based distribution analysis similar to that used in the proposal at each periodic adjustment. This approach accounts for both fund industry growth and changes in industry composition (e.g., consolidation) to arrive at thresholds that better capture what it means to be “small” relative to the overall industry at a given point in time. Inflation and market growth are not the only considerations—overall market composition and an entity’s relative place within it are also important. The number of small and large entities will shift over time, and applying the proposal’s methodology is the best way to adequately account for these changes. The Commission’s methodology in the proposal is sound today, and we believe it will remain appropriate for future periodic reviews. We also recommend setting the then-current thresholds as the “floors” at each periodic review, to ensure that entities previously deemed small do not lose that status.

c. Frequency of Adjustments

Because the rules do not currently have automatic adjustment mechanisms, the proposal's ten-year automatic adjustment provisions would be a substantial improvement.[21] Ten years, however, is still too long for purposes of ensuring that the small entity thresholds remain reasonable. Industry conditions can change significantly over ten years and, indeed, have done just that over past market cycles.[22] We recommend a shorter periodic review cycle based on the length of the average business cycle. According to data from the National Bureau of Economic Research, business cycles averaged between six and seven years during the 1945–2020 period.[23] In addition to being more sensitive to industry trends and market cycles, a seven-year adjustment period would strike a balance between regulatory responsiveness and the administrative burden on the SEC of a shorter review cycle (e.g., two or three years).

III. Regulatory Flexibility Act's Impact on Past and Future Rulemakings

While we strongly support the proposal's purpose and most of its substance, we urge the Commission to continue building on this effort by more meaningfully considering the interests of smaller entities in future rulemakings.

The appendix evaluates how the RFA requirements have influenced major SEC rulemakings affecting funds and advisers over the last 15 years. In short, we show that the SEC has adopted tiered compliance dates for several of these rules, but that RFA analyses have not led to many changes to rule provisions.

While we appreciate the tiered compliance schedules that the SEC has set for several major rulemakings, extra time for compliance alone does not always suffice. We also appreciate, in many cases, the benefits of uniformity in rules. But when broad application of rules and all their provisions to all covered entities becomes the norm, it raises the question of just how meaningful RFA analyses have been in practice. In some cases, alternative regulatory approaches—such as exemptions for certain funds or advisers, modified requirements, exemptions for lower-risk activities, simplified reporting or less compressed reporting timelines—may better align regulatory burdens on smaller entities with the investor protection benefits of regulations. Instead of defaulting to "one-size-fits-all" rules, the SEC should more rigorously and consistently weigh whether alternative provisions would be more suitable.

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[21] The rules are now 44 years old and have been amended only once to date.

[22] For example, during the roughly ten-year business cycle in the 2010s, industry concentration increased, the fund industry experienced substantial consolidation, and demand for funds shifted heavily from mutual funds to ETFs.

[23] *See "US Business Cycle Expansions and Contractions*," National Bureau of Economic Research, *available at* www.nber.org/research/data/us-business-cycle-expansions-and-contractions.

This kind of tailoring need not be solely or expressly aimed at small funds or advisers, as defined in rules 0-10 and 0-7. Indeed, there may be good reasons for *not* doing so. A good example of this is the derivatives rule's "limited derivatives user" provision, which exempts many funds from the most demanding aspects of the rule.[24] Another is the liquidity rule's exemption from the "highly liquid investment minimum" requirements for those funds that primarily hold highly liquid investments.[25] Neither provision is a "small funds" exemption per se, but each has provided appropriate relief to small (and other low-risk) funds.

Additionally, future tiered compliance schedules need not necessarily be tied to the rules' updated definitions. Depending on the circumstances, the SEC could extend additional compliance time to entities outside the rules' AUM thresholds.

These principles will help ensure that regulation remains proportionate, efficient, and supportive of a diverse and competitive asset management industry. Considering the compliance burdens for all funds and advisers, with special focus on smaller entities as required by the RFA, would go far in ensuring that the burdens of rules are commensurate with their benefits. Rulemaking of this kind will ultimately help protect this unique and important sector of the asset management industry.

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[24] *See* Rule 18f-4(c)(4) under the Investment Company Act.

[25] *See* Rule 22e-4(b)(1)(iii)(A) under the Investment Company Act. We continue to believe that the liquidity rule would benefit from additional tailoring or guidance for the benefit of smaller funds. *See* ICI's comment letter on the SEC's open-end fund liquidity risk management programs and swing pricing proposal (Feb. 14, 2023) at 41-42 (explaining why the rule's current bucketing requirements, when applied to smaller funds, provide little benefit to those funds, the SEC, or their investors), *available at* https://www.sec.gov/comments/s7-26-22/s72622-20157306-325651.pdf.

The proposal represents a welcome shift in the Commission's approach to considering the impacts of its rulemakings on smaller entities. If you have any questions or require further information, please contact us (eric.pan@ici.org or paul.cellupica@ici.org); Amy McDonald, Associate General Counsel (amy.mcdonald@ici.org); or Kelly O'Donnell, Senior Director, Operations and Transfer Agency (kelly.odonnell@ici.org).

Sincerely,

/s/ *Eric J. Pan*
Eric J. Pan
President & CEO

/s/ *Paul G. Cellupica*
Paul G. Cellupica
General Counsel

cc: The Honorable Paul S. Atkins, Chairman
The Honorable Hester M. Peirce, Commissioner
The Honorable Mark T. Uyeda, Commissioner

Brian Daly, Director, Division of Investment Management
Sarah ten Siethoff, Associate Director, Division of Investment Management

APPENDIX: SIGNIFICANT SEC RULES AFFECTING FUNDS AND ADVISERS SINCE 2010

The SEC's rulemaking affecting funds and advisers has been continuous and heavy in recent years. The table below includes major rulemakings since 2010[1] and highlights how the SEC's Regulatory Flexibility Act (RFA) analyses have impacted them. As the table makes clear, the SEC has provided extended compliance time to smaller entities in several instances, while RFA-inspired changes to rule and form provisions have been both rare and tangential to the RFA.

YEAR	FINAL RULES	RFA-INSPIRED CHANGES	EXTRA COMPLIANCE TIME FOR SMALLER ENTITIES?
2024	Enhanced Form N-PORT Reporting for Funds Amend Form N-PORT and the related rule to require more frequent and accelerated reporting of portfolio holdings information and make holdings information publicly available monthly.[2]	N/A	Yes
2024	Regulation S-P: Privacy of Consumer Financial Information and Safeguarding Customer Information Amendments to require funds, registered investment advisers, and others to adopt written incident-response programs addressing unauthorized access to customer information, including timely notification to affected individuals.	N/A	Yes
2023	Short Position and Short Activity Reporting by Institutional Investment Managers Adopt new Rule 13f-2 and Form SHO, requiring certain institutional investment managers to report monthly short position and short activity data for	N/A	N/A

[1] During this time, funds and advisers have been subject to many more SEC rulemakings with indirect impacts, along with rulemakings by other federal agencies. We also have excluded certain major rulemakings that were more exemptive in nature (e.g., Rule 6c-11 for ETFs).

[2] The SEC recently proposed additional changes to these requirements. *See Form N-PORT Reporting*, SEC Release No. IC-35962 (Feb. 18, 2026).

YEAR	FINAL RULES	RFA-INSPIRED CHANGES	EXTRA COMPLIANCE TIME FOR SMALLER ENTITIES?
	equity securities above specified thresholds.		
2023	Investment Company Names Rule Amendments for Funds Amendments to rule 35d-1 (Names Rule) to extend the 80% investment policy requirement to more fund names, enhance prospectus disclosure for names-related terminology, update notice and recordkeeping requirements, and require additional related Form N-PORT reporting.	N/A	Yes
2023	Money Market Fund Reforms Money market fund-related amendments that require certain funds to implement a mandatory liquidity fee framework, increase minimum daily and weekly liquidity requirements, eliminate redemption gates and the linkage between liquidity thresholds and liquidity fees, and enhance reporting requirements.	N/A	N/A
2023	Shortening the Securities Transaction Settlement Cycle Amendments to shorten the U.S. securities settlement cycle for most broker-dealer transactions from T+2 to T+1; adopt related requirements to promote same-day allocation, confirmation, and affirmation of institutional trades, along with conforming changes affecting investment adviser recordkeeping.	N/A	N/A

YEAR	FINAL RULES	RFA-INSPIRED CHANGES	EXTRA COMPLIANCE TIME FOR SMALLER ENTITIES?
2022	Enhanced Reporting of Proxy Votes by Registered Management Investment Companies; Reporting of Executive Compensation Votes by Institutional Investment Managers Amendments to require funds to provide more detailed, standardized, and machine-readable disclosure of their proxy votes on Form N-PX; require institutional investment managers to report their votes on executive compensation.	N/A	N/A
2022	Tailored Shareholder Reports for Mutual Funds and ETFs Require mutual funds and ETFs to provide concise, tailored annual and semi-annual shareholder reports; remove open-end funds from rule 30e-3; amend the definition of "appropriate broad-based securities market index;" and update fund advertising rules to require standardized fee and expense disclosures.	N/A	N/A
2020	Investment Adviser Marketing Comprehensive update to rules governing investment adviser marketing; amend Form ADV and the books-and-records rule to capture advisers' marketing practices.	The SEC adopted an exemption for de minimis compensation with respect to the use of testimonials and endorsements, which the SEC believed would provide relief to some small entities.	N/A
2020	Good Faith Determinations of Fair Value Adopt new rule 2a-5 (Fair Value Rule) to establish a framework for funds to determine the fair value of their investments in good faith, including risk assessment, methodology selection/testing, pricing service	N/A	N/A

YEAR	FINAL RULES	RFA-INSPIRED CHANGES	EXTRA COMPLIANCE TIME FOR SMALLER ENTITIES?
	oversight, and board oversight and reporting requirements.		
2020	Use of Derivatives by Registered Investment Companies and BDCs Adopt new rule 18f-4 to create a comprehensive framework for funds' use of derivatives and other transactions implicating Section 18 of the 1940 Act, including a derivatives risk management program, leverage limits, and board oversight and reporting requirements; adopt related reporting and form amendments (including updates to Forms N-PORT, N-CEN, and N-RN).	The rule includes an exception from the rule's derivatives risk management program, leverage limits, and board oversight and reporting requirements for "limited derivatives users." The exception is available to any fund that limits its derivatives exposure to 10% of net assets (with certain exclusions).	N/A
2019	Form CRS Relationship Summary; Amendments to Form ADV Adopt Form CRS (Relationship Summary) and related rule/form amendments requiring SEC-registered broker-dealers and investment advisers to provide to retail investors a brief, standardized summary of the firm's services, fees and costs, conflicts, applicable standard of conduct, and disciplinary history, with corresponding filing, delivery, updating, and recordkeeping requirements.	N/A	N/A
2016	Investment Company Liquidity Risk Management Adopt new rule 22e-4 (the Liquidity Risk Management Program Rule), requiring mutual funds and ETFs to establish formal liquidity risk management programs, including liquidity risk management and assessment, monthly liquidity classifications of portfolio investments, an illiquid investment limit, and board	N/A	Yes

YEAR	FINAL RULES	RFA-INSPIRED CHANGES	EXTRA COMPLIANCE TIME FOR SMALLER ENTITIES?
	oversight requirements; adopt related disclosure and reporting requirements.		
2016	Investment Company Reporting Modernization (Form N-PORT Monthly Reporting for Funds) Adopt Forms N-PORT and N-CEN, requiring funds to report monthly portfolio holdings and other information in a structured format (Form N-PORT) and annual census-type information (Form N-CEN); amend Regulation S-X and Forms N-1A, N-3, and N-CSR.	N/A	Yes
2014	Money Market Fund Reform Money market fund-related amendments that require certain money market funds to transact at a floating NAV, authorize liquidity fees and redemption gates during periods of stress, strengthen diversification and stress testing requirements, and expand reporting and disclosure requirements.	N/A	N/A
2013	Identity Theft Red Flags Rules Adopt joint SEC/CFTC rules requiring certain regulated entities to implement and maintain written identity theft prevention programs to detect, prevent, and mitigate identity theft in connection with covered accounts.	N/A	N/A
2010	Money Market Fund Reform Money market fund-related amendments that tighten portfolio quality, maturity, and liquidity requirements, require monthly portfolio reporting (Form N-MFP) and stress testing, enhance disclosure, and permit	N/A	N/A

YEAR	FINAL RULES	RFA-INSPIRED CHANGES	EXTRA COMPLIANCE TIME FOR SMALLER ENTITIES?
	funds to suspend redemptions to facilitate orderly liquidations.		
2010	Political Contributions by Certain Investment Advisers Adopt new "pay-to-play" rule for advisers, which impose a two-year ban on compensated government advisory business after certain political contributions and limit using third-party solicitors and soliciting certain political contributions, with related recordkeeping requirements.	N/A	N/A