

February 26, 2025

By Electronic Transmission

The Honorable Mark T. Uyeda
Acting Chairman
US Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Request to Further Amend the Form N-PORT Reporting Requirements for Funds

Dear Acting Chairman Uyeda:

The Investment Company Institute¹ writes to request that the Securities and Exchange Commission further amend the Form N-PORT reporting requirements for funds.² The 2024 amendments to those requirements, among other things, will: (i) drastically increase the publication frequency of full fund portfolio holdings disclosures and other detailed information (from quarterly to monthly); and (ii) substantially shorten the timeframe for such filings (from 60 days after the end of a fiscal quarter to 30 days after the end of each month). As we have highlighted, and the Commission has previously acknowledged, these two changes will likely harm fund shareholders and curb fund innovation.³ The amendments also are inconsistent with

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 \$38.2 trillion invested in funds registered under the US Investment Company Act of 1940, serving more than 120 million investors. Members manage an additional \$9.6 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 has offices in Washington DC, Brussels, and London.

² See [Form N-PORT and Form N-CEN Reporting; Guidance on Open-End Fund Liquidity Risk Management Programs](#), Inv. Co. Act Rel. No. 35308, 89 Fed. Reg. 73764 (Sept. 11, 2024) ("Adopting Release"). For purposes of this letter, the term "fund" includes mutual funds, closed-end funds, and ETFs that are registered as investment companies under the Investment Company Act but excludes UITs that are not ETFs, money market funds, and small business investment companies.

³ See [Letter from Eric J. Pan, President and CEO, ICI, to Vanessa Countryman, Secretary, SEC, dated Feb. 14, 2023](#) ("February 2023 ICI Letter"). In addition, the Commission, on several occasions, has explained the concerns that

previous Commission determinations, made on multiple occasions, that quarterly portfolio disclosures appropriately balance investor demands for information with the potential for shareholder harm.⁴ We, therefore, urge the Commission to reverse these changes.

We raise our request following recent developments related to the rulemaking. First, the US Court of Appeals for the Fifth Circuit has stayed further proceedings in a challenge to the amendments, pending an SEC review of the rulemaking.⁵ The lawsuit asserts that the new requirements will “inflict great harm on registered funds, their shareholders, and the companies in which they invest” and raises concerns as to whether the SEC exceeded its statutory authority to dictate how often funds must report their portfolio holdings and whether the rulemaking is arbitrary and capricious.⁶ Our request also follows the introduction of a Joint Resolution of

increased portfolio holdings disclosures could have on predatory trading, including enabling professional traders to trade ahead of or “front run” funds or “free ride” on a fund’s investment research by reverse engineering and “copycatting” the fund’s investment strategies, obtaining for free the benefits of fund research and investment strategies that fund shareholders pay for. In so doing, the Commission has highlighted studies showing that increased portfolio holdings disclosure could decrease funds’ performance and lead to other negative impacts. *See, e.g., Investment Company Reporting Modernization*, Inv. Co. Act Rel. No. 31610, 80 Fed. Reg. 33590, 33660-61 (June 12, 2015) (determining that increasing the disclosure frequency of fund holdings information, among other things, could: increase predatory trading; reduce profitability from developing new investment strategies, thereby reducing innovation and competition in the fund industry; and reduce the returns of investors in actively managed funds, citing related empirical studies).

⁴ *See, e.g., Amendments to the Timing Requirements for Filing Reports on Form N-PORT*, Inv. Co. Act Rel. No. 33384, 84 Fed. Reg. 7980 (Mar. 6, 2019) (adopting a new filing timeline for Form N-PORT filings to protect confidential portfolio holdings information for the first and second months of a fiscal quarter and avoid shareholder harm from predatory trading); *Investment Company Reporting Modernization*, Inv. Co. Act Rel. No. 32936, 82 Fed. Reg. 58731 (Dec. 14, 2017) (“Temporary Final Rule Release”) (recognizing the potential harm that disclosing Form N-PORT confidential portfolio holdings information for the first and second months of a fiscal quarter could cause and delaying the compliance date of Form N-PORT filings to protect such information from cybersecurity incidents); *Investment Company Reporting Modernization*, Inv. Co. Act Rel. No. 32314, 81 Fed. Reg. 81870, 81908-10, 81977-78 (Nov. 18, 2016) (“Reporting Modernization Adopting Release”) (finding that disclosing portfolio holdings for the first and second months of a fiscal quarter are neither necessary nor appropriate in the public interest under Section 45(a) of the Investment Company Act and that increased portfolio holdings disclosure could lead to predatory trading and shareholder harm); *Shareholder Reports and Quarterly Portfolio Disclosure of Registered Management Investment Companies*, Inv. Co. Act Rel. No. 26372, 69 Fed. Reg. 11244, 11252-53 (Mar. 9, 2004) (adopting Form N-Q providing for quarterly portfolio holdings disclosure and noting that “We are not requiring more frequent portfolio disclosure, or a shorter delay, because we take seriously concerns that more frequent portfolio holdings disclosure and/or a shorter delay for release of this information may expand the opportunities for predatory trading practices that harm fund shareholders.”).

⁵ *See* Ct. Ord. Granting Motion to Stay at 1, *Registered Funds Ass’n v. SEC*, No. 24-60550 (5th Cir. Feb. 11, 2025). The Order followed the SEC’s unopposed request to hold the case in abeyance following President Trump’s executive action directing all federal agencies “to consider postponing for 60 days . . . the effective date for . . . any rules that have been issued in any manner but have not taken effect.” Presidential Memorandum, *Regulatory Freeze Pending Review* (Jan. 20, 2025) (“Presidential Freeze Memorandum”). With an effective date of November 17, 2025, the SEC’s request implicitly concedes that the executive action encompasses the rulemaking.

⁶ *See* Brief of Petitioner at iii, *Registered Funds Ass’n v. SEC*, No. 24-60550 (5th Cir. Dec. 23, 2024).

Disapproval from Congressman Andrew Clyde (R-GA) seeking to rescind the entire rulemaking under the Congressional Review Act.⁷ Irrespective of that bill's outcome, Congressional scrutiny of this rulemaking indicates serious concerns about its potential impact.

In fact, the rulemaking has been contentious from its adoption, with both you and Commissioner Peirce voting against the amendments. In your dissent, you raised several grave concerns about increasing the publication frequency of Form N-PORT, ranging from investor harms (attributed to the heightened potential for predatory trading) to reduced investor choice and price discovery (from the potentially disproportionate impact the amendments could have on small and active asset managers). You expressed your dissatisfaction with the Commission's sudden change in position, stating that the "Commission has not adequately justified the decision to substantially increase the frequency of public disclosure of Form N-PORT data and makes only cursory efforts to reverse a policy considered less than eight years ago."⁸ Commissioner Peirce also expressed substantial concerns about the rushed nature of the rulemaking and the high costs that could arise from the accelerated filing schedule.⁹ Several commenters raised similar concerns about those two aspects of the rulemaking during the comment period.¹⁰

Due to our longstanding substantive concerns and the recent Presidential Freeze Memorandum asking agencies to reconsider adopted rules that have not taken effect, we ask that the Commission further amend these two problematic portions of the rulemaking. Below, we briefly reiterate and supplement the concerns we raised in our February 2023 ICI Letter.

⁷ See [H.R.J. Res. 53](#), 119th Cong. (2025).

⁸ See Commissioner Mark T. Uyeda, [Statement on Form N-PORT and Form N-CEN Reporting Amendments; Guidance on Open-End Fund Liquidity Risk Management Programs](#) (Aug. 28, 2024) at n. 5 (citing to Reporting Modernization Adopting Release, *supra* note 4, at Section II.A.4).

⁹ See Commissioner Hester M. Peirce, [Too Short to Report: Statement on Adoption of Form N-PORT and Form N-CEN Reporting; Guidance on Open-End Fund Liquidity Risk Management Programs](#) (Aug. 28, 2024).

¹⁰ See, e.g., Letter from Nelson N. Lee, Senior Vice-President and Senior Counsel, Capital Research and Management Company, *et al.* to Vanessa A. Countryman, Secretary, SEC, dated Feb. 14, 2023; Letter from Roberta R.W. Kameda, General Counsel, Dodge & Cox, to Vanessa A. Countryman, Secretary, SEC, dated Feb. 27, 2023; Letter from Roberta R.W. Kameda, General Counsel, Dodge & Cox, to Vanessa A. Countryman, Secretary, SEC, dated July 12, 2023 ("Dodge & Cox Letter 2"); Letter from George C.W. Gatch, Chief Executive Officer, J.P. Morgan Asset Management, to Vanessa Countryman, Secretary, SEC, dated Feb. 14, 2023; Letter from John Hagarty, Chief Operating Officer, Morgan Stanley Investment Management, Inc., to Vanessa A. Countryman, Secretary, SEC, dated Feb. 14, 2023; Letter from Emmanuel Roman, Chief Executive Officer, PIMCO, to Vanessa Countryman, Secretary, SEC, dated Feb. 13, 2023; and Letter from Chris Payne, Vice President and Head of Government Relations, Principal, to Vanessa A. Countryman, Secretary, SEC, dated Feb. 14, 2023.

Section 1: The SEC Should Not Increase Publication Frequency

The SEC's sudden reversal to its previously consistent and careful analysis and position on the publication frequency of Form N-PORT lacks adequate justification, may lead to certain types of funds changing their investment strategies and business practices (in some cases substantially), and, accordingly, may have exceeded the SEC's statutory authority.¹¹ We, therefore, ask the Commission to remove this portion of the rulemaking.

1.1 Increasing Publication Frequency Lacks Adequate Justification

In adopting the amendments, the Commission did not adequately justify its change to the publication frequency of portfolio holdings information. Until the Adopting Release, the Commission had consistently determined that disclosing full fund portfolio holdings on Form N-PORT for the first and second month of a fiscal quarter is “neither necessary nor appropriate in the public interest” and that the quarterly disclosure approach appropriately balances the interest in public transparency of fund holdings information against the need to protect sensitive fund portfolio management positions and strategies.¹² With the amendments, the Commission changed its stance, asserting that now (as opposed to just six years ago when the quarterly publication framework for Form N-PORT was last considered) “many” funds voluntarily provide their monthly portfolio holdings to third-party data aggregators and that investors will be able to make more informed decisions with the additional information.¹³ It added that any concerns will be mitigated with a 60-day delay and the ability to mask certain positions through the use of a miscellaneous securities basket, which has always been available to funds.

While it may be true that many funds voluntarily provide monthly portfolio holdings information to third parties, many funds also determine that such disclosures are not in the best interests of their shareholders and, accordingly, choose not to do so.¹⁴ Indeed, the Commission acknowledges that more frequent publication of fund data could “lead to adverse effects on funds by, for example, increasing the likelihood of predatory trading for some funds,”¹⁵ but does little

¹¹ The amendments will make funds' monthly reports on Form N-PORT public 60 days after the end of the month. Currently, only the report for the third month of every fiscal quarter is made public upon filing, due 60 days after the end of that month. *See* Adopting Release, *supra* note 2, at 73722.

¹² *See, e.g., supra* note 4.

¹³ In support of its position, the Commission amorphously states “more frequent public disclosure will benefit investors. Consistent information that is available for all funds is a public good.” It then provides limited examples where increased portfolio holdings disclosures could benefit investors. *See* Adopting Release at 73786-87. And of course, requiring quarterly public disclosure of portfolio holdings information also is a consistent standard.

¹⁴ The Commission did not provide data on how many funds voluntarily provide portfolio holdings information to third parties.

¹⁵ *See* Adopting Release, *supra* note 2, at 73774.

else to analyze what types of funds provide portfolio holdings information to third parties (*e.g.*, index funds versus actively managed funds) or assess the impact to funds that intentionally do not provide this information.

As the comment file indicates, there are a number of fund complexes with a variety of types of investment strategies that have expressed concerns about the risks of these more frequent disclosures.¹⁶ The additional Form N-PORT information, which includes more than just portfolio holdings information, could enable professional traders to “front run” funds or reverse engineer fund investment strategies. These concerns are valid, and the potential harms, as the Commission has acknowledged, are real. In fact, as Dodge and Cox noted in its July 2023 comment letter, it has seen indications of front running, observing “measurable increases in the price of new holdings in [a fund that it manages, which] on average increased approximately twice as much as the average increase in S&P 500 constituents on the day of such disclosures.”¹⁷

As the Commission acknowledges, a 60-day lag will not protect all funds from harm, particularly those investing in certain types of asset classes (*e.g.*, high yield, fixed-income credit) or employing certain strategies (*e.g.*, large “buy-and-hold” funds) that take months to trade in and out of positions. For these funds, disclosing portfolio holdings positions, even with a 60-day lag, could still furnish predatory traders information about the direction of trades and allow those traders to “front run” the funds’ ongoing strategies.¹⁸ Such predatory activity could adversely impact the prices at which the funds execute those trades, increasing costs and reducing performance for a fund and, ultimately, fund shareholders. Rather than analyzing and quantifying the impact of the amendments on these entities, however, the Commission dismisses the concerns. It notes that “we recognize an increase in risk for a small universe of funds,” then implies that those funds simply can change their investment strategies “to [manage] their position building around required disclosure dates . . .”¹⁹

The 60-day lag also fails to address the concern that more data points will be publicized, enabling predatory traders to more easily reverse engineer any fund’s investment strategy. With constantly evolving technologies that can interpret large data sets and the advent of artificial intelligence, the marked increase in the number of detailed fund data points from four times a year to twelve will lead to more opportunities for predatory traders to accurately analyze and

¹⁶ See *supra* note 10.

¹⁷ See Dodge & Cox Letter 2, *supra* note 10.

¹⁸ See, *e.g.*, Russ Wermers, *The Potential Effects of More Frequent Portfolio Disclosure on Mutual Fund Performance* (June 2001) (showing that even with 30- or 60-day delays in the publication of portfolio holdings, funds transacting in larger trades, which have more significant price impacts and take longer to complete, may be harmed).

¹⁹ See Adopting Release, *supra* note 2, at 73788-89.

anticipate a fund's next investment transaction or mimic its investment strategy. This heightened risk could reach fund shareholders in almost every type of actively managed fund.

By simply asserting broad investor benefits but failing to appropriately quantify and assess the harm, the Commission's cost and benefit analysis is inconsistent with past determinations, lacks adequate support, and is skewed. The evidence for incremental benefits to investors from the rulemaking's monolithic approach is limited, especially when compared to the risk of significant harm to many funds and their shareholders.

1.2 Increasing Publication Frequency Will Change Investment Strategies and Business Practices

Based on the sheer number of fund complexes that do not currently provide portfolio holdings information to third-party data aggregators, we believe that several funds, particularly those that invest in specific types of asset classes or that employ specific types of strategies, may have to change their investment strategies (in some cases substantially) solely to avoid the costs and tolls on performance from predatory traders. Unfortunately, the Commission pays little attention to the impacts on those entities, instead substituting its own judgment on the public value of the portfolio holdings information received and assuming that the benefits of such information outweigh the costs to investors. In so doing, it provides little to no analysis of the scope of the potential changes or the potential costs of those changes. Nor did the Commission consider how misguided such attempts at industrywide balancing can be, when one considers that the potential costs vary widely by fund.

1.3 Increasing Publication Frequency May Exceed the Commission's Statutory Authority

The failure to appropriately consider the impact of the changes also may exceed the Commission's statutory authority. Section 29 of the Investment Company Act imposes an obligation on the SEC to, "consistent with . . . the protection of investors," minimize reporting duties, including by "avoid[ing] . . . unnecessary reporting by, and minimiz[ing] the compliance burdens on, registered investment companies," in addition to considering "feasible alternatives" and the "costs" to funds.²⁰ The Administrative Procedure Act also requires the SEC to "identify benefits that bear a rational relationship to the . . . costs imposed."²¹ In failing to adequately assess the impact on or accommodate affected funds, the SEC does not appear to do this.

²⁰ See Sections 29(b)(1), (c)(1)(B), and (2) of the Investment Company Act.

²¹ See *Chamber of Comm. v. SEC*, 85 F. 4th 760, 777 (5th Cir. 2023).

Rather than proceeding with the draconian approach of forcing all funds to publicize monthly Form N-PORT information, we ask the Commission to, pursuant to its statutory obligation, consider and permit a different, more feasible alternative that does not harm fund shareholders.²²

Section 2: The SEC Should Provide Additional Time for Funds to File Form N-PORT

We reiterate our concerns with the 30-day timeframe for funds to file Form N-PORT monthly with the Commission and our strong recommendation that the Commission extend that period to at least 45 days to avoid increased errors and resubmissions, which could increase costs to fund shareholders.²³ As with portfolio holdings disclosures, the Commission should have conducted a proper analysis under Section 29 of the Investment Company Act to minimize the compliance burdens on registered investment companies.

We also reiterate our request for the Commission to take seriously the cybersecurity concerns that led the Commission to forgo the monthly Form N-PORT reporting requirements in 2018.²⁴ The Commission now asserts that it has strengthened its cybersecurity defenses to protect sensitive information, but the most recent report from the SEC's Office of Inspector General continues to indicate that the Commission must make several enhancements in order to simply be deemed effective under the Federal Information Security Modernization Act reporting metrics for agency information security programs.²⁵ Proceeding with a shortened 30-day filing period increases the length of time the Commission will hold confidential portfolio holdings information and arguably ignores an "important aspect of the problem" in violation of the Administrative Procedure Act.²⁶ Reducing the time the Commission holds sensitive portfolio holdings information would reduce the chances that the information could be misappropriated from the Commission.

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²² For example, if the Commission insists on providing more information to shareholders about a fund's holdings each month, it could consider giving each fund the option to provide a condensed version (*e.g.*, Top 10 or Top 50 portfolio holdings) or publicize the fund's monthly Form N-PORT.

²³ The amendments will require funds to file each Form N-PORT within 30 days after the end of a month. Currently, each Form N-PORT for a fiscal quarter is filed 60 days after the end of the fiscal quarter.

²⁴ See [Temporary Final Rule Release](#), *supra* note 4.

²⁵ See SEC Office of Inspector General, [Fiscal Year 2024 Independent Evaluation of the U.S. Securities and Exchange Commission's Implementation of the Federal Information Security Modernization Act of 2014](#) (Nov. 25, 2024) (Redacted for Public Release) at 8.

²⁶ See *Chamber of Comm. v. SEC*, *supra* note 21, at 777.

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Thank you for your time. If you have any questions about our request or would like additional information, please feel free to contact us at eric.pan@ici.org or paul.cellupica@ici.org or Ken Fang at kenneth.fang@ici.org.

Sincerely,

/s/ Eric J. Pan

President and CEO

/s/ Paul G. Cellupica

General Counsel

cc: The Honorable Hester M. Peirce
The Honorable Caroline A. Crenshaw

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