

Comparison of Key Features of Proposed and Final Rule 22e-4

Topic	Proposed	Final
Definition of Liquidity Risk	The risk that a fund could not meet requests to redeem shares issued by the fund that are expected under normal conditions, or are reasonably foreseeable under stressed conditions, without materially affecting the fund's net asset value	The risk that a fund could not meet requests to redeem shares issued by the fund without significant dilution of remaining investors' interests in the fund
Classification of Fund Investments	<p>6 categories based on days required to convert asset to cash</p> <p>Classify each asset individually</p> <p>No discussion of liabilities</p> <p>Liquid assets serving as cover or margin for a derivatives transaction classified in the same category as the derivative instrument</p> <p>Review classifications on an ongoing basis</p>	<p>4 categories, based on days required to convert to cash and/or settle</p> <p>Definition of "illiquid" differs from SEC's longstanding guidance</p> <p>Classify individually or according to asset class</p> <p>Rule refers to "investments" to capture liabilities (e.g., certain out-of-the-money derivatives transactions), as well as assets</p> <p>The percentage of highly liquid investments that consists of Segregated Assets must be identified</p> <p>Review classifications at least monthly</p>
Liquidity Risk Assessment and Review	<p>Review periodically, including consideration of a non-exhaustive list of factors</p> <p>No special requirements for an ETF</p>	<p>Review at least annually, including consideration of a non-exhaustive list of factors</p> <p>For an ETF, including an "In-Kind ETF," 2 additional factors must be included in review</p>

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<p>Liquidity Risk Management—based on an established minimum</p>	<p>Determine and review at least semi-annually the fund’s “3-day liquid asset minimum”</p> <p>Fund prohibited from acquiring any asset, other than a 3-day liquid asset if, after the acquisition, the fund would hold fewer 3-day liquid assets than the percentage specified under its 3-day liquid asset minimum</p>	<p>Determine and review annually the fund’s highly liquid investment minimum required for each fund. This requirement does not apply to an In-Kind ETF or a fund that “primarily holds assets that are highly liquid investments”</p> <p>For purposes of determining whether a fund primarily holds assets that are highly liquid investments, the fund must exclude from its calculations the percentage of highly liquid investments that consists of Segregated Assets</p> <p>Fund that falls below its highly liquid investment minimum is not prohibited from acquiring a security that is not a highly liquid investment</p> <p>If the fund falls short of its highly liquid investment minimum, the Administrator must report to the Board, no later than its next regularly scheduled meeting, a brief explanation of the causes of any shortfall, the extent of the shortfall, and any actions taken in response</p> <p>If the shortfall lasts more than 7 consecutive calendar days, the Administrator must report to the Board within one business day an explanation of how the fund plans to restore its minimum within a reasonable period of time</p> <p>Fund must file a report on Form N-LIQUID within 1 business day of a 7-day shortfall</p>

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<p>Liquidity Risk Management— Limitation on Illiquid Investments</p>	<p>Fund prohibited from acquiring any “illiquid” asset (SEC’s long-established definition) if, immediately after the acquisition, more than 15% of the fund’s net assets are illiquid assets</p>	<p>Fund prohibited from acquiring any “illiquid investment” if, immediately after the acquisition, the fund’s investment in illiquid “investments that are assets” is more than 15% of the fund’s net assets. Definition of “illiquid” differs from SEC’s long-established definition</p> <p>If a fund exceeds the 15% limit, the Administrator is required to notify the fund Board within one business day with an explanation of the extent and causes of the event, and a plan for how the fund will be brought back into compliance with the 15% limit within a reasonable period</p> <p>If the 15% limit remains exceeded for 30 days, the Board must assess whether the plan presented to it by the Administrator continues to be in the best interest of the fund</p> <p>Fund must file a report on Form N-LIQUID within 1 business day if the fund exceeds the 15% limit. Thereafter, a fund must file a report on Form N-LIQUID within 1 business day when the fund no longer exceeds the 15% limit</p>
<p>Board’s Role</p>	<p>Board must approve a fund’s 3-day highly liquid asset minimum and any material changes to the Program</p>	<p>These requirements eliminated</p>