

SEC Modernizes Framework for Registered Fund Valuation Practices under Investment Company Act

December 7, 2020 | Client Update

In a December 3, 2020 release, the SEC adopted new Rule 2a-5 under the Investment Company Act of 1940, as amended. The rule establishes a new framework for good-faith determinations of the fair value of a registered fund's investments under Section 2(a)(41) of the Investment Company Act and Rule 2a-4 thereunder. The SEC also adopted Rule 31a-4 under the Investment Company Act, which requires maintenance of appropriate documentation to support a registered fund's fair value determinations, and certain other documentation related to the designation of a valuation designee, if applicable.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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