SEC Policy Developments: FAQs on Names Rule and Proposed Amendments to Form N-PORT

February 23, 2026

On February 18, 2026, the U.S. Securities and Exchange Commission ("SEC") and its staff announced two significant policy developments affecting registered funds, their boards and sponsors of registered funds. First, the staff of the SEC's Division of Investment Management ("IM") released new FAQ responses related to the SEC's recent adoption of amendments to rule 35d-1 under the Investment Company Act of 1940 ("1940 Act"), also known as the "Names Rule."[1] Separately, the SEC announced that it is proposing amendments to Form N-PORT reporting requirements (the "Proposed Rule").[2] Taken together, these actions illustrate the policy shift that the SEC staff has been signaling under the leadership of SEC Chair Paul Atkins, who has emphasized a more constructive and market-facilitative regulatory posture. Chair Atkins specifically noted that reducing unnecessary reporting burdens and increasing efficiency in disclosure requirements is a top priority of the SEC.

Names Rule FAQs. Section 35(d) of the 1940 Act (as does Section 59 of the 1940 Act for business development companies) makes it unlawful for any registered investment company to adopt as part of its name or title any word or words that the SEC finds are materially deceptive or misleading. The Names Rule requires a fund whose name suggests a focus in a particular type of investment, or in investments in a particular industry or geographic focus, to 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 (an "80% investment policy").

When the SEC adopted amendments to the Names Rule in 2023, it, among other things, expanded the 80% investment policy requirement to include any fund name with terms suggesting that the fund focuses in investments that have, or investments whose issuers have, particular characteristics. This brought a broader range of registered funds within the scope of this requirement, leading to some confusion among fund sponsors as to whether their funds were within the scope of the amended rule and, if so, what actions

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1 See 2025–26 Names Rule FAQs.

2 See SEC Proposes Amendments to Reduce Burdens in Reporting of Fund Portfolio Holdings, SEC Press Release (February 18, 2026); see also Form N-PORT Reporting, Release No. IC-35962 (February 18, 2026) (Proposed Rule Release).

must be taken to bring themselves into compliance with the Names Rule. For example, the primary types of names that the amended Names Rule covers include fund names with terms such as "growth" or "value" or certain terms that reference a thematic investment focus (e.g., "artificial intelligence" or "big data").

IM's latest FAQ responses provide further interpretive clarity on the scope and application of the amended Names Rule.[3] In one FAQ response, the staff clarified its view that, while "growth" and "value" generally indicate that the fund focuses its investments in securities that exhibit growth or value characteristics (and therefore would require a fund to adopt an 80% investment policy under the Names Rule), there are certain limited cases where the terms "growth" or "value" can be paired with other terms in ways that "change the overall context and communicate something different about the overall characteristics of a fund's portfolio" such that an 80% investment policy is not needed. The staff noted that the use of a modifying term along with "growth" or "value", or the use of the term "income" paired with "growth", were examples of such limited cases.

The FAQs likewise clarify that fund names including the term "merger" or "merger arbitrage" are not required to adopt an 80% policy. The IM staff noted that those terms suggest an investment technique or a portfolio-wide result to be achieved, rather than a specific investment focus.

In addition to the above, the FAQs state that, for purposes of measuring a fund's compliance with its 80% policy, a fund may count as qualifying assets the value of any cash and cash equivalents that cover unfunded commitments to invest in equity of underlying portfolio funds that are or will be included in the fund's 80% basket and that the fund reasonably expects to be called in the future. In addition, the FAQ note that a fund should include explanatory disclosure regarding its intention to utilize this approach in its registration statement. This represents a welcome development for registered funds that invest in private funds utilizing drawdown mechanisms; previously, registered funds faced the practical challenge of having to maintain compliance with their 80% investment policy only through capital that has been deployed at the underlying portfolio fund level.

Under the Names Rule, an 80% investment policy generally may be either fundamental (meaning it could only be changed upon shareholder approval) or non-fundamental (meaning it may be changed upon 60 days' notice to shareholders), but certain

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[3] The SEC staff had previously issued FAQs in 2001 following the initial adoption of the Names Rule. See Frequently Asked Questions about Rule 35d-1 (Investment Company Names). In January 2025, the SEC staff issued several updated FAQs, to which the latest FAQs have been added, and withdrew certain of the 2001 FAQs. See Withdrawn 2001 Names Rule FAQs.

categories of funds are specifically required to adopt a fundamental 80% investment policy.[4] The recent FAQs explain that a fund would not be required to provide a 60-day notice to shareholders of non-material changes to an existing non-fundamental 80% investment policy if those changes are being made solely for the purpose of complying with the amended rule or to make the policy more stringent consistent with the fund's current strategy made in light of the name's treatment under the amended rule. Thus, changes that do not materially alter a fund's investment focus should not require a 60 days' notice.

Proposed Amendments to N-PORT. Form N-PORT is required to be filed by most funds registered under the 1940 Act and requires disclosure of their portfolio holdings and related information.

The proposed amendments to Form N-PORT follow a review (in accordance with a Presidential Memorandum) of the amendments the SEC made to the form in 2024. The proposal considers developments that have occurred after the SEC's adoption of those amendments. SEC Chair Atkins stated that the Proposed Rule provides: "registrants additional time to file the form, refines reporting items, and reduces the frequency of public reporting of fund portfolio holdings – all the while retaining insight into funds' portfolio-related issues."

The Proposed Rule is primarily intended to dial back some of the new requirements introduced by amendments to Form N-PORT adopted by the SEC on August 28, 2024 (the "August 2024 Amendments")[5] and comes in response to a Presidential directive to review rules that were not yet effective.

Specifically, the Proposed Rule proposes to:

- Provide an additional 15 days to file the monthly reports (providing funds up to 45 days to report after the end of the relevant month).

- Reduce the publication of reports from monthly to quarterly (restoring the quarterly publication frequency that had been in place for two decades). Funds would be required to disclose portfolio holdings for the third month of each quarter with a 60-day delay.

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[4] Under the Names Rule, any 80% investment policy relating to a tax-exempt fund, or must be a fundamental policy.

[5] See Form N-PORT and Form N-CEN Reporting; Guidance on Open-End Fund Liquidity Risk Management Programs, Release No. IC-35308 (August 28, 2024) (Adopting Release).

- Modify the information reported on Form N-PORT by, among other things, narrowing the scope of information reported about portfolio level risk metrics and returns, removing "Names Rule" reporting items and requiring additional disclosure about net assets and shareholder flows separately for ETF share classes. See table 2 of the Proposed Rule listing the specific disclosure changes.

The foregoing proposals are welcome development for the funds industry which has argued, among other things, that a monthly cadence of publicly disclosed portfolio holdings poses a meaningful risk of exposing funds and their investors to front-running and copycat strategies. In addition, such a regime could increase transaction costs and dilute returns, especially for actively managed funds. A return to quarterly public reporting would help mitigate the foregoing risks while preserving funds' discretion to provide portfolio holdings information more frequently if they determine it is appropriate.

Together with the Proposed Rule, the SEC separately extended the compliance dates for those Form N-PORT reporting requirements related to the "Names Rule" required by the August 2024 Amendments.[6] The new compliance dates are:

- Nov. 17, 2027, for fund groups with net assets of $10 billion or more and

- May 18, 2028, for fund groups with less than $10 billion in net assets as of the end of their most recent fiscal year.

The Proposed Amendments will be published in the Federal Register, and the comment period will close 60 days after such publication.

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Please do not hesitate to contact us with any questions.

[6] See Investment Company Names Form N-PORT Reporting; Extension of Compliance Date, Release No. IC-35963 (February 18, 2026) (Adopting Release).

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