

MEMO# 31848

July 11, 2019

ICI Draft Comment Letter on SEC's Proposed Amendments Revising Financial Disclosures for Fund Mergers; Comments Requested by Wednesday, July 24

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July 11, 2019 TO: Accounting/Treasurers Committee RE: ICI Draft Comment Letter on SEC's Proposed Amendments Revising Financial Disclosures for Fund Mergers; Comments Requested by Wednesday, July 24

In May the SEC proposed rule and form amendments designed to tailor the financial reporting requirements for investment company acquisitions of other investment companies.^[1] The proposal would add a definition of “significant subsidiary” in Regulation S-X specifically tailored for investment companies. The proposal would also add new Rule 6-11 to Regulation S-X. The proposed rule would cover financial reporting in the event of a fund acquisition and would apply to the acquisition of another investment company, including a private fund, private account or business development company. New Rule 6-11 uses the proposed definition of significant subsidiary to determine whether financial statements for the acquired fund must be provided.

ICI's draft comment letter on the proposed amendments is attached for your review.

Please provide any comments on the draft letter to Greg Smith at smith@ici.org by the close of business on Monday, July 22. Comments are due to the SEC by July 29.

The draft comment letter supports the proposed amendments, including the proposed supplemental information to be provided in lieu of pro forma financial statements as part of a fund merger. The comment letter seeks clarification of the filing types in which acquired fund financial statements must be provided, and also recommends certain changes to the alternate income test used to assess whether acquired fund financial statements must be provided.

Gregory M. Smith

[Attachment](#)

endnotes

[1] See Amendments to Financial Disclosures about Acquired and Disposed Businesses, Release Nos. 33-10635, 34-85765, IC-3365 (May 3, 2019) available at <https://www.sec.gov/rules/proposed/2019/33-10635.pdf>. For a summary of the proposed amendments, see ICI Memorandum No. 31769 (May 20, 2019), available at https://www.ici.org/my_ici/memorandum/memo31769.

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