

MEMO# 23111

December 8, 2008

Staff Responds to Request for Relief Regarding Global Credit Facility Involving Foreign Funds

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TO: INTERNATIONAL OPERATIONS ADVISORY COMMITTEE No. 13-08 RE: STAFF
RESPONDS TO REQUEST FOR RELIEF REGARDING GLOBAL CREDIT FACILITY INVOLVING
FOREIGN FUNDS

The staff of the Securities and Exchange Commission's Division of Investment Management recently agreed not to recommend any enforcement action to the Commission, under Section 17(d) of the Investment Company Act of 1940 ("Act") and Rule 17d-1 under the Act, if U.S. open-end investment companies registered under the Act ("U.S. funds") and certain foreign open-end investment funds ("foreign funds") enter into a global, unsecured, senior committed line of credit (a "Global Credit Facility") with a syndicate of global banks for which each fund would pay a portion of the associated fees. [\[1\]](#) The structure of the Global Credit Facility will be in all material respects the same as the credit facilities described in two no-action letters previously issued by the staff, except for the inclusion of foreign funds in the Global Credit Facility. [\[2\]](#) In support of its position, the investment adviser represents that (1) in making its initial and annual best interest determinations about a U.S. fund's participation in the Global Credit Facility, a U.S. fund's board of trustees, including a majority of the independent trustees, will consider any unique issues presented by participating in the Global Credit Facility with the foreign fund and (2) none of the foreign funds will be permitted to borrow more than the amount permitted for a U.S. fund under Section 18 of the Act.

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endnotes

[1] Franklin Templeton Investments (pub. avail. November 21, 2008). The staff's response and the incoming letter are available at <http://www.sec.gov/divisions/investment/noaction/2008/franklintempleton112108.htm>.

[2] See The T. Rowe Price Funds (pub. avail. July 31, 1995); and Alliance Capital Management L.P. (pub. avail. April 25, 1997).

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