

**MEMO# 31907**

August 19, 2019

## **DC Court of Appeals Denies Petition Seeking Review of SEC Rule 30e-3**

[31907]

August 19, 2019 TO: ICI Members

Investment Company Directors

SEC Rules Committee

Transfer Agent Advisory Committee SUBJECTS: Disclosure

Litigation & Enforcement RE: DC Court of Appeals Denies Petition Seeking Review of SEC Rule 30e-3

On August 16, 2019, the US Court of Appeals for the District of Columbia Circuit denied the petition for review of SEC Rule 30e-3, as ICI and IDC had urged it to do.<sup>[1]</sup> Notably, the Court did not reach the merits of the petitioners' challenges to Rule 30e-3. Instead, consistent with arguments in our brief, it held that: (i) one petitioner, Consumer Action, lacked standing;<sup>[2]</sup> and (ii) the organizations representing the paper industry fell outside the zone of interests protected by the federal securities laws. Therefore, neither petitioner was entitled to seek judicial review of the rule. Indeed, the Court held that the paper organizations' interest was increasingly misaligned with shareholder preferences, making them "distinctly *unqualified* to advance the interests of shareholders."

Dorothy M. Donohue

Deputy General Counsel - Securities Regulation

Annette Capretta

Deputy Managing Director

### **endnotes**

<sup>[1]</sup> *Twin Rivers Paper Co. v. SEC*, No. 18-1213. The court decision, petitioners' brief, ICI/IDC's amicus brief, and other related documents are available on the ICI's Rule 30e-3 Resource Center at <https://www.ici.org/rule30e3>.

<sup>[2]</sup> The court determined this primarily because the declarations Consumer Action filed with its opening brief failed to identify specific members with standing to challenge the rule.

---

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.