

MEMO# 31794

June 10, 2019

ICI Files Comment Letter on SEC's Closed-End Fund Offering Reform Proposal

[31794]

June 10, 2019 TO: ICI Members SUBJECTS: Closed-End Funds

Compliance

Disclosure

Fund Accounting & Financial Reporting RE: ICI Files Comment Letter on SEC's Closed-End Fund Offering Reform Proposal

Earlier today, ICI filed a comment letter on the Securities and Exchange Commission's proposed amendments to modify the registration, communications, and offering processes for business development companies and registered closed-end funds (collectively, "funds").[\[1\]](#) Our letter is attached, and summarized briefly below.

The letter supports the proposal noting that streamlining the registration process and modernizing prospectus delivery methods will save fund shareholders money, ease fund filing burdens, and allow funds to better manage their securities offerings. It also supports the communications reforms, which would give funds the opportunity to improve information flow to investors and the broader marketplace. In addition, the letter strongly supports permitting interval funds to net issuances with repurchases when paying securities registration fees, as mutual funds and exchange-traded funds currently do.

The letter provides comments to ensure that any final rules cover the appropriate universe of funds and are tailored to account for the differences between funds and operating companies. Specifically, it recommends that Commission:

- Expand the types of funds that can use the streamlined registration process to include funds that are not listed on a securities exchange.
- Expand the types of funds that can net repurchases against sales to calculate registration fees and compute and pay registration fees based on shares sold.
- Omit from any final rule a requirement for certain funds to publicly disclose material, unresolved SEC staff comments.
- Eliminate from any final rule a requirement for all registered closed-end funds to provide current reports on Form 8-K.

- Continue to permit certain closed-end funds' registration statements to become effective automatically when only filed to update financial statements or to make non-material changes.

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[Attachment](#)

endnotes

[1] See Securities Offering Reform for Closed-End Investment Companies, Investment Company Act Release No. 33427 (Mar. 20, 2019) ("Proposing Release"), *available at* <https://www.sec.gov/rules/proposed/2019/33-10619.pdf>. For a summary of the Proposing Release, *please see* ICI Memorandum 31695 (Apr. 2, 2019), *available at* https://www.ici.org/my_ici/memorandum/memo31695.

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