

MEMO# 32829

October 13, 2020

October 22 Call to Discuss Regulation O and Implications for Certain Asset Managers

[32829]

October 13, 2020 TO: Bank-Affiliated Member Advisory Committee
SEC Rules Committee RE: October 22 Call to Discuss Regulation O and Implications for Certain Asset Managers

On October 22, ICI will hold a member call to discuss issues for asset managers arising under the Federal Reserve Board's Regulation O.

By way of background, Regulation O places quantitative limits and qualitative restrictions on extensions of credit by banks to their executive officers, directors, principal shareholders, and related interests of such persons. Regulation O has potential implications for an asset manager whose investment funds and other client accounts own, control or hold with the power to vote more than 10 percent of any class of voting securities of a bank, as well as for companies (both financial and nonfinancial) in which such manager's funds and accounts collectively own a controlling interest.

In late December of last year, the federal banking agencies issued an interagency statement concerning the application of Regulation O to a fund complex that is deemed a principal shareholder of a bank and portfolio companies controlled by that complex.[\[1\]](#) The statement provides that the agencies will not take enforcement action under Regulation O against a bank or "principal shareholder fund complex" with respect to the bank's extension of credit to portfolio companies controlled by that fund complex, subject to certain conditions. The no-action relief is in effect until January 1, 2021, while the agencies consider whether to amend Regulation O to address these issues.

Joining ICI staff for this call will be our outside counsel from Debevoise. We will share what we know of others' discussions with Federal Reserve staff and talk about whether ICI should engage in outreach of its own to the banking regulators regarding the impending expiration of the temporary relief.

The call is scheduled for October 22 from 12-1 pm Eastern. An Outlook invitation with call details will be forthcoming.

Rachel H. Graham
Associate General Counsel

Frances M. Stadler
Associate General Counsel & Corporate Secretary

endnotes

[1] See, e.g., Treatment of Extensions of Credit to Certain Investment Funds and Their Portfolio Investments Under 12 CFR 215 and 12 CFR 363: Interagency Statement; OCC Bulletin 2019-65 (Dec. 27, 2019), *available at* <https://www.occ.gov/news-issuances/bulletins/2019/bulletin-2019-65.html>.

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