

MEMO# 22928

September 29, 2008

SEC Issues Select Bibliography on Registered Investment Company Use of Senior Securities

[22928]

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TO: COMPLIANCE MEMBERS No. 49-08
ETF ADVISORY COMMITTEE No. 29-08
EQUITY MARKETS ADVISORY COMMITTEE No. 50-08
SEC RULES MEMBERS No. 106-08 RE: SEC ISSUES SELECT BIBLIOGRAPHY ON
REGISTERED INVESTMENT COMPANY USE OF SENIOR SECURITIES

The staff of the Securities and Exchange Commission has released a select bibliography on registered investment company use of senior securities. [\[1\]](#) The introduction to the bibliography states that the Commission and its staff have taken the position that reverse repurchase agreements, firm commitment agreements, standby commitment agreements, short sales, written options, forwards, futures, and certain other derivative transactions may involve the issuance of a senior security subject to the prohibitions and asset coverage requirements of Section 18 of the Investment Company Act of 1940. It explains that the Commission and the staff have indicated that they will not object to investment companies engaging in such transactions without complying with certain requirements of Section 18, provided that the investment companies segregate assets or otherwise “cover” their obligations under the instruments consistent with Commission and staff guidance.

The bibliography then provides links to and brief descriptions of the relevant authority and precedent, including certain provisions of the Investment Company Act, as well as Commission and staff authority including Investment Company Act Release No. 10666, staff no-action letter responses, and other staff positions.

Mara Shreck
Associate Counsel

endnotes

[1] U.S. Securities and Exchange Commission, Registered Investment Company Use of Senior Securities – Select Bibliography, available at <http://www.sec.gov/divisions/investment/seniorsecurities-bibliography.htm>.

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