

MEMO# 22318

March 10, 2008

Institute Comment Letter On SEC Proposal To Implement The Sudan Accountability And Divestment Act

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TO: ACCOUNTING/TREASURERS COMMITTEE No. 5-08
CHIEF COMPLIANCE OFFICER COMMITTEE No. 4-08
COMPLIANCE ADVISORY COMMITTEE No. 5-08
SEC RULES COMMITTEE No. 19-08
SMALL FUNDS COMMITTEE No. 8-08
UNIT INVESTMENT TRUST COMMITTEE No. 5-08 RE: INSTITUTE COMMENT LETTER ON SEC
PROPOSAL TO IMPLEMENT THE SUDAN ACCOUNTABILITY AND DIVESTMENT ACT

As we previously informed you, in December 2007, the President signed into law the Sudan Accountability and Divestment Act of 2007 (the "Act"). [\[1\]](#) The Act includes a safe harbor that protects registered investment companies from certain civil, criminal, and administrative actions based on the divestment of certain Sudanese investments, provided the company discloses such divestment as prescribed by the SEC. The Commission has proposed to implement the disclosure requirements of the Act by amending Forms N-CSR and N-SAR to accommodate such disclosure. The Institute has filed a comment letter on the Commission's proposal, which is attached and briefly summarized below.

The Institute's comment letter supported the Commission's proposal but recommended that the Commission revise it to:

- Eliminate the requirement to disclose the CUSIP and exchange ticker symbol for divested securities in order to conform the disclosure elements to those already required by the forms;

- Conform the period covered by the disclosure to that currently used by the fund for its financial statements;
- Eliminate the requirement to disclose separately those positions the investment company continues to hold in a divested offering;
- Permit funds to amend previously filed Forms N-CSR and N-SAR to disclose divestments occurring since the Act's enactment before adoption of the revised forms in order to enable reliance on the Act's safe harbor for such divestments; and
- Include a sunset in the amendments.

Each of these recommendations was discussed in detail in the letter. Of the above recommendations, all but the first two were included in the draft comment letter that was previously circulated. Based on the comments we received on the draft, the Institute amended the letter to add the first two recommendations prior to filing the letter.

Tamara K. Salmon
Senior Associate Counsel

[Attachment](#)

[\[1\]](#) See Institute Memorandum to Chief Compliance Officer Committee No. 1-08, Compliance Advisory Committee No. 1- 08, SEC Rules Committee No. 13-08, and Small Funds Committee No. 5-08 [No. 22235], dated February 13, 2008 and to Unit Investment Trust Committee No. 2-08 [No. 22237], dated February 14, 2008.

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