

MEMO# 2938

July 16, 1991

SEC PROPOSES AMENDMENTS TO RULES GOVERNING "ROLLUP" TRANSACTIONS

July 16, 1991 TO: SEC RULES COMMITTEE NO. 40-91 CLOSED-END FUND COMMITTEE NO. 18-91 RE: SEC PROPOSES AMENDMENTS TO RULES GOVERNING "ROLLUP" TRANSACTIONS

The SEC has issued rule proposals aimed at curbing abuses in limited partnership reorganizations (commonly referred to as "rollups"). The proposed changes would require enhanced disclosure on a number of matters concerning any proposed rollup transaction. The proposal also would require that sponsors give investors either a minimum of 60 days or the maximum time provided by state law to consider the rollup. A copy of the SEC release is attached. The SEC's proposal, as drafted, would not apply to business combination transactions involving investment companies (since it would not amend Form N-14). However, it is important to note that if the SEC were to impose the proposed requirements on investment company transactions in the future, all investment company mergers and similar transactions could be subject to the requirements by virtue of the broad definition of "partnership" included in the proposal, which includes any "trust...or other similar entity that is not an association taxed as a corporation under subchapter C of the [Internal Revenue Code]." A copy of the SEC release is attached. The comment period for the proposal expires on August 9, 1991. Therefore, please provide me with any comments you have on the proposal for possible inclusion in the Institute's comment letter by July 31, 1991. My direct number is 202/955-3523. Amy B.R. Lancellotta Assistant General Counsel Attachment

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