

**MEMO# 18475**

January 28, 2005

## **SEC SEMI-ANNUAL REGULATORY AGENDA**

[18475] January 28, 2005 TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 5-05 INVESTMENT ADVISERS COMMITTEE No. 5-05 SEC RULES COMMITTEE No. 9-05 SMALL FUNDS COMMITTEE No. 2-05 UNIT INVESTMENT TRUST COMMITTEE No. 1-05 RE: SEC SEMI-ANNUAL REGULATORY AGENDA Last month, the Securities and Exchange Commission published its semi-annual agenda of rulemaking actions.\* Division of Investment Management items are listed on Federal Register pages 74261-62 and summarized on pages 74268-76, copies of which are attached. Set forth below is a summary of changes in the Division's agenda since the last semi-annual agenda was published. A. The following item has been reclassified from "Final Rule Stage" to "Proposed Rule Stage": 1. Interagency Proposal to Consider Alternative Forms of Privacy Notices Under the Gramm-Leach-Bliley Act (requesting comment on whether the Commission and other financial regulators should consider amending the regulations that implement the privacy provisions of the Gramm-Leach-Bliley Act to allow or require financial institutions to provide alternative types of privacy notices that would be easier for consumers to understand) (p. 74269). B. The following items have been added to "Proposed Rule Stage": 1. Expanding the Definition of "Eligible Portfolio Company" for Business Development Companies (proposing new rules to modernize the Investment Company Act definition of "eligible portfolio company" and to permit business development companies to make follow-on investments in certain companies that no longer meet that definition) (p. 74269). 2. Exemption of Holding Companies Which are Intrastate or Predominantly Operating Companies (proposing form amendments under the Public Utility \* See SEC Release Nos. IC-26621, IA-2306 (Sept. 24, 2004); 69 Fed. Reg. 74260 (Dec. 13, 2004). 2 Holding Company Act ("PUHCA") to determine the exempt status of certain holding companies) (p. 74270). C. The following items have been reclassified from "Proposed Rule Stage" to "Long- Term Actions": 1. Books and Records to be Maintained by Investment Advisers (proposing to update the books and records requirements for investment advisers) (p. 74274). 2. Amendments to the Cash Solicitation Rule (proposing revisions to the cash solicitation rule) (p. 74274). D. The following items have been reclassified from "Proposed Rule Stage" to "Final Rule Stage": 1. Registration Under the Advisers Act of Certain Hedge Fund Advisers (proposing requiring registration under the Investment Advisers Act of certain advisers to hedge funds) (p. 74271). 2. Privacy of Consumer Financial Information (proposing amendments to Regulation S-P to implement sections 214 and 216 of the Fair and Accurate Credit Transactions Act of 2003) (p. 74273). 3. Certain Thrift Institutions Deemed Not to Be Investment Advisers (proposing to exempt from the definition of investment adviser thrift institutions that provide investment advice to certain clients) (p. 74271). E. The following item has been reclassified from "Long-Term Actions" to "Final Rule Stage": 1. Exemption for Certain

Acquisitions of Foreign Utility Companies; Subsidiaries Authorized to Perform Services or Construction or to Sell Goods (proposing new rules and amendments under PUHCA that would, among other things, provide a safe harbor for certain acquisitions of foreign utility companies by a registered holding company) (p. 74273). F. The following items have been reclassified from “Final Rule Stage” to “Completed Actions”: 1. Investment Adviser Codes of Ethics (adopting new Rule 204A-1 under the Advisers Act to require investment advisers to establish, maintain, and enforce written codes of ethics; adopting conforming amendments to related rules under the Advisers Act and to Rule 17j-1 under the Investment Company Act) (pp. 74274-75). 2. Disclosure Regarding Approval of Investment Advisory Contracts by Directors of Investment Companies (adopting amendments to improve disclosure of how 3 fund directors evaluate and approve the continuance of existing investment advisory contracts) (p. 74275). 3. Disclosure of Breakpoint Discounts by Mutual Funds (adopting form amendments requiring improved disclosure in mutual fund prospectuses regarding “breakpoint” discounts on front-end sales loads) (p. 74275). 4. Prohibitions on the Use of Brokerage Commissions to Finance Distribution (adopting an amendment to Rule 12b-1 under the Investment Company Act to prohibit mutual funds from using brokerage commissions to pay for the distribution of fund shares) (p. 74275). 5. Investment Company Governance (amending certain exemptive rules under the Investment Company Act to require registered investment companies to satisfy enhanced fund governance standards to be able to rely on those rules; amending a recordkeeping rule under the Investment Company Act to require each fund to retain materials that the fund board considers in approving the fund’s advisory contracts) (pp. 74275-76). G. The following item has been reclassified from “Proposed Rule Stage” to “Completed Actions” and withdrawn from the Commission’s agenda: 1. Principal Transactions with Investment Advisory Clients (p. 74274). Rachel H. Graham Assistant Counsel Attachment (in .pdf format)

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