

MEMO# 1341

August 11, 1989

SEC ADOPTS RULE 11A-3; TAKES NO ACTION ON RULE 11C-1

August 11, 1989 TO: UNIT INVESTMENT TRUST COMMITTEE NO. 50-89 RE: SEC ADOPTS RULE 11a-3; TAKES NO ACTION ON RULE 11c-1

The SEC has adopted Rule 11a-3 under the Investment Company Act, governing exchange offers by mutual funds. In the release adopting Rule 11a-3, the SEC stated that it was continuing to consider whether to adopt proposed Rule 11c-1, which would govern exchange offers by unit investment trusts and their sponsors. The Institute had opposed adoption of Rule 11c-1, stating in its comment letter that the proposed rule would not codify existing exemptive orders and would not provide adequate compensation for sponsors maintaining secondary markets. (See Memorandum to Unit Investment Trust Members No. 12-87, dated March 27, 1987.) The SEC stated that, until action is taken on proposed Rule 11c-1, it will continue to consider exchange offers involving unit investment trusts on a case-by-case basis. We will keep you informed of developments. Craig S. Tyle Assistant General Counsel

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