

**MEMO# 2314**

November 7, 1990

## **DRAFT INSTITUTE COMMENT LETTER ON PROPOSED AMENDMENTS TO RULE 6C-9**

November 7, 1990 TO: SEC RULES COMMITTEE NO. 58-90 INTERNATIONAL FUNDS TASK FORCE NO. 26-90 RE: DRAFT INSTITUTE COMMENT LETTER ON PROPOSED AMENDMENTS TO RULE 6c-9 \_\_\_\_\_ As we previously informed you, the SEC has proposed amendments to Rule 6c-9 under the 1940 Act. (See Memorandum to SEC Rules Committee No. 45-90 and International Funds Task Force No. 19-90, dated August 23, 1990.) Rule 6c-9 currently exempts foreign banks and their finance subsidiaries that offer or sell their debt securities or non-voting preferred stock in the United States from registration as investment companies under the 1940 Act. The proposed amendments would expand the scope of Rule 6c-9 to include equity securities issued by foreign banks and their finance subsidiaries and debt and equity securities issued by foreign insurance companies, their finance subsidiaries and certain holding companies of foreign banks and foreign insurance companies. The SEC also issued a companion interpretive release stating that certain U.S. branches and agencies of foreign banks would also be exempt from registration under the 1940 Act. Attached is a draft of the Institute's comment letter on the proposal. The draft endorses the proposed amendments, but recommends that similar amendments be made to Rule 12d1-1. Rule 12d1-1 currently exempts foreign banks and foreign insurance companies and their finance subsidiaries from the definition of "investment company" for purposes of Section 12(d)(1)(A) of the 1940 Act, which limits purchases by registered investment companies of shares of other investment companies. Specifically, the Institute recommends that Rule 12d1-1 be amended to include parent holding companies and U.S. branches and agencies of foreign banks within its scope. Comments on the proposed amendments are due November 21. If you have any comments on the Institute's draft, please call me at 202/955-3522 no later than Friday, November 16. Craig S. Tyle Associate General Counsel Attachment

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