

MEMO# 6220

September 14, 1994

SEC PROPOSES AMENDMENTS TO SECTION 16 FILING REQUIREMENTS

September 14, 1994 TO: CLOSED-END FUND COMMITTEE NO. 20-94 INVESTMENT ADVISERS
COMMITTEE NO. 51-94 RE: SEC PROPOSES AMENDMENTS TO SECTION 16 FILING
REQUIREMENTS _____

The Securities and Exchange Commission has proposed amendments to the rules under Section 16 of the Securities Exchange Act of 1934 regarding the filing of ownership reports by officers, directors and principal security holders, and the exemption of certain transactions by those persons from the short-swing profit recovery provisions under Section 16. The proposed amendments are intended to streamline the Section 16 regulatory scheme, particularly with respect to employee benefit plans; broaden exemptions from short-swing profit recovery where consistent with the statutory purposes; and codify several staff interpretive provisions. A copy of the SEC's release is attached. Among other proposed revisions that may be of interest to investment companies are the proposed changes to the issuer disclosure requirements contained in Item 405 of Regulation S-K concerning compliance with Section 16(a) reporting obligations. The proposal would require registrants to set off any disclosure of non-compliance under an appropriate and discrete caption, to enable interested persons to locate quickly this disclosure. In addition, language would be added to Item 405 to make it clear that in determining whether there have been any delinquent reports that must be disclosed, the issuer is obligated to consider the absence of certain forms (e.g., the absence of a Form 3 from an insider is an indication that disclosure is required). Finally, the Commission solicited comment on whether Item 405 should be revised to require issuers to include in their filings an affirmative statement that there were no Section 16(a) delinquencies required to be reported. Comments on the proposed amendments are due to the SEC on October 17, 1994. If there are any issues that you would like the Institute to consider addressing in a comment letter on the proposed amendments, please contact the undersigned at 202/326- 5824 by October 4, 1994. Amy B.R. Lancellotta Associate Counsel Attachment