

MEMO# 2151

September 5, 1990

INSTITUTE'S DRAFT COMMENT LETTER ON SEC'S PROPOSED CONCEPTUAL APPROACH REGARDING MULTINATIONAL TENDER AND EXCHANGE OFFERS

September 5, 1990 TO: SEC RULES COMMITTEE NO. 48-90 INTERNATIONAL FUNDS TASK FORCE NO. 20-90 RE: INSTITUTE'S DRAFT COMMENT LETTER ON SEC'S PROPOSED CONCEPTUAL APPROACH REGARDING MULTINATIONAL TENDER AND EXCHANGE OFFERS

As we previously informed you, the SEC is seeking comments on a proposed conceptual approach intended to encourage foreign bidders and issuers to extend offshore tender and exchange offers to their U.S. securityholders. (See Memorandum to SEC Rules Committee No. 34-90 and International Funds Task Force No. 14-90, dated June 18, 1990.) Currently, foreign bidders and issuers may attempt to avoid U.S. jurisdiction and exclude U.S. securityholders from multinational tender or exchange offers because of the time and expense required to comply with applicable U.S. securities laws and regulations. Attached is a draft of the Institute's comment letter, expressing general support for the SEC's proposal, which would permit such offers to be made on the basis of foreign disclosure, procedural and accounting requirements, provided that U.S. securityholders own a small percentage of the securities involved in the transaction. Comments on the proposal must be filed by September 21, 1990. In reviewing that attached draft letter, please consider whether the Institute should recommend that the SEC limit applicability of the proposed approach to those foreign bidders and issuers that are subject to regulatory schemes deemed to provide adequate investor protection. If you would like to suggest any changes to the draft comment letter, please contact me by Friday, September 14. Frances M. Stadler Assistant General Counsel Attachment

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