

MEMO# 16989

January 16, 2004

SEC SEMI-ANNUAL REGULATORY AGENDA

[16989] January 16, 2004 TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 2-04 INVESTMENT ADVISERS COMMITTEE No. 1-04 SEC RULES COMMITTEE No. 8-04 UNIT INVESTMENT TRUST COMMITTEE No. 4-04 RE: SEC SEMI-ANNUAL REGULATORY AGENDA The Securities and Exchange Commission has published its semi-annual agenda of rulemaking actions.¹ A copy of the agenda is attached. Division of Investment Management items are listed on attached Federal Register pages 74017-18 and summarized on pages 74025-31. Set forth below is a summary of changes to the Division's agenda related to investment companies and investment advisers that have occurred since the last semi-annual agenda was published. A. The following item has been added to "Prerule Stage": Investment Company Portfolio Transaction Cost Concept Release (requesting comment on how disclosure of investment company transaction costs might be improved, including whether it would be appropriate and feasible to require investment companies to provide their investors with quantitative disclosure of portfolio transaction costs) (p. 74025). B. The following item has been added to "Proposed Rule Stage": Disclosure of Breakpoint Discounts by Mutual Funds (proposing to require improved disclosure in mutual fund prospectuses regarding "breakpoint" discounts on front-end sales loads) (p. 74027). C. The following item has been reclassified from "Final Rule Stage" to "Long-Term Actions": Certain Broker-Dealers Deemed Not to be Investment Advisers (proposing new Rule 202(a)(11)-1 under the Investment Advisers Act of 1940 to exempt from the definition of investment adviser those broker-dealers offering non-discretionary, full-service 1 SEC Release Nos. IC-26233 and IA-2187 (Oct. 30, 2003); 68 Fed. Reg. 74016 (Dec. 22, 2003). 2 brokerage programs, so long as the investment advice provided is solely incidental to the brokerage services and other conditions are satisfied) (p. 74030). D. The following items have been reclassified from "Final Rule Stage" to "Completed Actions": 1. Custody or Possession of Funds or Securities of Clients (adopting revisions to the custody rule under the Investment Advisers Act to conform the rule to modern custodial practices and enhance protections for client assets while reducing burdens on advisers that have custody of client assets) (p. 74030). 2. Proposed Amendments to Investment Company Advertising Rules (adopting amendments: (i) to Rule 482 under the Securities Act of 1933 to permit fund advertisements that are not subject to restrictions limiting the content of the advertisements to information "the substance of which" is in a fund's prospectus; and (ii) to require enhanced disclosure in fund advertisements) (p. 74030-31). 3. Certain Research and Development Companies (adopting new Rule 3a-8 under the Investment Company Act of 1940 to provide a safe harbor from investment company status for certain research and development companies) (p. 74031). The following item has been reclassified from "Long-Term Actions" to "Completed Actions" and subsequently withdrawn from the Commission's agenda: 4. Insurance Products: Equity Index Insurance Products Concept Release (p.

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