

MEMO# 10709

February 8, 1999

NYSE PROPOSAL REGARDING CLOSED-END FUND LISTING ELIGIBILITY CRITERIA

1 Securities Exchange Act Release No. 40979, 64 FR 5332 (January 26, 1999), a copy of which is attached. [10709] February 8, 1999 TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 4-99 RE: NYSE PROPOSAL REGARDING CLOSED-END FUND LISTING ELIGIBILITY CRITERIA

The Securities and Exchange Commission ("SEC") has published for comment, and at the same time has granted accelerated approval to a portion of, a proposed rule change filed by the New York Stock Exchange ("NYSE")¹ instituting a pilot program relating to the listing eligibility criteria for closed-end funds. In particular, the NYSE proposes to implement a pilot program amending its Listed Company Manual to codify its policy regarding the listing of newly organized closed-end funds. The proposed pilot program will expire on April 29, 1999, or at an earlier time if the SEC approves the NYSE's request for permanent approval of the program before that date. Under the pilot program, if a fund has at least \$60 million in net assets, as evidenced by a firm underwriting commitment, the NYSE will generally authorize the listing of the fund. The NYSE noted that this requirement is the minimum net asset requirement for listing. The NYSE retains the discretion to deny listing to a fund if it determines that, based upon a comprehensive financial analysis, it is unlikely that the fund will be able to maintain its financial status. Any fund with less than \$60 million in net assets will not be considered for listing. The NYSE also noted that because in most cases the fund is not a traditional operating entity, it would not be possible to apply the earnings standards specified in the Listed Company Manual at the time of listing. Funds, however, are subject to continued financial listing criteria, as are all NYSE-listed companies. Therefore, the NYSE stated that if a fund is identified in an exception report listing companies below the NYSE's continued listing standards, it will be subject to the same compliance and monitoring procedures imposed upon any other NYSE-listed company identified in a report. - 2 -

Comments on this proposal are due to the SEC no later than February 24, 1999. If you have any comments you would like us to consider including in a possible Institute comment letter, please provide them to the undersigned by phone at (202) 371-5408, by fax at (202) 326-5839, or by e-mail at aburstein@ici.org no later than February 17. Ari Burstein
Assistant Counsel Attachment