

MEMO# 15619

February 5, 2003

ICI DRAFT LETTER ON SEC PROPOSAL REGARDING MANDATORY ELECTRONIC FILING OF BENEFICIAL OWNERSHIP REPORTS

URGENT/ACTION REQUESTED [15619] February 5, 2003 TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 7-03 RE: ICI DRAFT LETTER ON SEC PROPOSAL REGARDING MANDATORY ELECTRONIC FILING OF BENEFICIAL OWNERSHIP REPORTS The Institute has prepared the attached draft comment letter on the Commission's proposal to require the electronic filing of beneficial ownership reports under Section 16(a) of the Securities Exchange Act of 1934, and website posting of these reports by issuers with corporate websites. Comments on the Commission's proposal are due Monday, February 10, 2003. Please provide any comments you may have on the Institute's letter to Barry Simmons at (202) 326-5923 (phone), (202) 326-5827 (fax), or bsimmons@ici.org, by Friday, February 7, 2003. The Institute's draft letter supports the Commission's proposal but recommends that the Commission modify it to require an investment company affiliate (rather than the investment company itself) that maintains a website that contains descriptive information about the investment company, to post on its website any Forms 3, 4 or 5 that relate to insider transactions of the investment company. Also, if no affiliate maintains a website that includes such information, or if the affiliate's website merely identifies the fund by providing, for example, the fund's name and current net asset value, then that fund would not have its forms posted. Second, the draft letter recommends that the Commission amend Rule 13(a)(3) of Regulation T to treat an accepted Form 3, 4 or 5 as deemed filed on the same day if it is received before 10:00 p.m., Eastern Standard Time, as is presently permitted under a separate exception to the rule. The letter explains that providing insiders with additional time to make their filings would be reasonable and appropriate given the accelerated filing deadline requirements applicable to Section 16 reports. Finally, the letter recommends that in light of the Commission's plan to develop a new on-line filing system to replace the current EDGAR system, the final rules should provide a delayed compliance date to permit insiders to continue utilizing the EDGAR system for at least six months to ensure a smooth transition to the new system. Barry E. Simmons Associate Counsel Attachment (in .pdf format)