

MEMO# 2941

July 16, 1991

SEC ADOPTS MULTIJURISDICTIONAL DISCLOSURE SYSTEM AND MODIFICATIONS TO CURRENT REGISTRATION AND REPORTING REQUIREMENTS FOR CANADIAN ISSUERS

July 16, 1991 TO: INTERNATIONAL COMMITTEE NO. 16-91 INVESTMENT ADVISERS
COMMITTEE NO. 32-91 SEC RULES COMMITTEE NO. 41-91 CLOSED-END FUND COMMITTEE
NO. 19-91 INVESTMENT ISSUES COMMITTEE NO. 8-91 RE: SEC ADOPTS
MULTIJURISDICTIONAL DISCLOSURE SYSTEM AND MODIFICATIONS TO CURRENT
REGISTRATION AND REPORTING REQUIREMENTS FOR CANADIAN ISSUERS

In an effort to facilitate transnational capital formation, the SEC recently adopted a multijurisdictional disclosure system ("MJDS") with Canada, as well as certain modifications to the current registration and reporting requirements for Canadian issuers. A copy of the Executive Summary from the adopting release is attached. The MJDS, originally proposed in July 1989 and repropoed last October, permits certain large Canadian issuers to register their equity, investment grade debt and preferred securities on the basis of Canadian offering documents accompanied by a prescribed cover page and certain legends and exhibits. In addition, a broader class of Canadian issuers is eligible to register certain exchange offers, business combinations and rights offers under the MJDS. The MJDS also comprises amendments to U.S. tender offer regulations that will enable certain third party and issuer tender offers for securities of Canadian issuers to go forward in both Canada and the U.S. in accordance with Canadian tender offer regulations. According to the adopting release, the new registration forms are not available for Canadian issuers registered or required to be registered as investment companies under the Investment Company Act of 1940. Securities of such issuers also may not be the subject of an exchange offer under the MJDS. Issuers exempt from 1940 Act registration based on an exemptive rule or individual exemptive order are eligible to take advantage of the MJDS. The release notes that under proposed amendments to Rule 6c-9 under the 1940 Act, Canadian trust companies and loan companies would be included within the definition of "foreign bank" and would be permitted to offer their equity, debt and preferred securities in the U.S. without registration under the 1940 Act. In addition, if those amendments are adopted, such companies will not be considered investment companies for purposes of Section 12(d)(1)(A) of the 1940 Act, pursuant to Rule 12d1-1. The release indicates that the Commission is considering what further action may be appropriate with respect to the proposed amendments to Rule 6c-9. Other rule changes adopted in conjunction with the MJDS will permit Canadian foreign private issuers (some of

which previously were required to use registration and reporting forms applicable to U.S. issuers) to use forms designed for foreign private issuers. Alternatively, they may elect to continue using U.S. forms. The MJDS and its Canadian counterpart became effective July 1, 1991. If you would like a complete copy of the adopting release, please contact Michele Dugue. Frances M. Stadler Assistant General Counsel Attachment

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