

MEMO# 7215

August 28, 1995

INSTITUTE COMMENT LETTER SUPPORTS PROPOSED AMENDMENTS TO REGULATION T CONCERNING INVESTMENT COMPANY SECURITIES

1 See Memorandum to Closed-End Fund Committee No. 31-95, SEC Rules Committee No. 78-95 and Unit Investment Trust Committee No. 52-95, dated June 29, 1995. 2 See Memorandum to Closed-End Fund Committee No. 42-95, SEC Rules Committee No. 94-95 and Unit Investment Trust Committee No. 63-95, dated August 2, 1995. August 28, 1995
TO: CLOSED-END FUND COMMITTEE No. 43-95 SEC RULES COMMITTEE No. 96-95 UNIT
INVESTMENT TRUST COMMITTEE No. 67-95 RE: INSTITUTE COMMENT LETTER SUPPORTS
PROPOSED AMENDMENTS TO REGULATION T CONCERNING INVESTMENT COMPANY
SECURITIES

The Institute has filed the attached comment letter with the Federal Reserve Board expressing support for proposed amendments to Regulation T that would liberalize the margin treatment of certain investment company securities.¹ The letter is substantially identical to the draft version that recently was circulated to you.² In summary, it supports the proposals to amend Regulation T to: (1) allow brokers and dealers to give "good faith loan value" to certain investment company securities when extending credit to a customer holding those securities, and (2) treat money market funds as "cash equivalents" that can be used to cover put options written in a customer's cash account. The letter also recommends several technical changes to the proposed amendments. Frances M. Stadler Associate Counsel Attachment

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