

MEMO# 10563

December 14, 1998

SEC PROPOSES AMENDMENTS TO RULE 8F-1 AND FORM N-8F UNDER THE INVESTMENT COMPANY ACT

1 Deregistration of Certain Registered Investment Companies, SEC Rel. No. IC-23588 (December 4, 1998) (the "Release"). Rule 8f-1 describes the circumstances in which registered investment companies, including unit investment trusts and face-amount certificate companies, may use Form N-8F to apply for a deregistration order, and Form N-8F specifies the information a fund must provide. Generally, the form may be used by any fund that: (1) is liquidating; (2) is merging into another fund; or (3) has no more than 100 investors, has not made (and does not propose to make) a public offering of its securities, and does not intend to engage in business of any kind. 2 Under Section 8(f) of the Investment Company Act, the Commission may deregister a fund if it determines the fund is no longer an "investment company." [10563] December 14, 1998 TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 27-98 SEC RULES COMMITTEE No. 127-98 UNIT INVESTMENT TRUST COMMITTEE No. 39-98 RE: SEC PROPOSES AMENDMENTS TO RULE 8f-1 AND FORM N-8F UNDER THE INVESTMENT COMPANY ACT

The Securities and Exchange Commission recently issued the attached release proposing amendments to Rule 8f-1 and Form N-8F under the Investment Company Act of 1940, which govern the deregistration of registered investment companies.¹ The Commission also proposes to require the electronic filing of Form N-8F, including all exhibits and subsequent amendments, through the Commission's Electronic Data Gathering, Analysis, and Retrieval ("EDGAR") system. The comment period on these proposals ends Friday, February 5, 1999. If there are comments that you would like the Institute to consider including in its comment letter, please contact Barry E. Simmons by phone (202) 326-5923, by fax (202) 326-5839, or by email at simmonbe@ici.org by Friday, January 22, 1999. According to the Release, the proposed amendments to Form N-8F would simplify the form, eliminate unnecessary items, and refocus the questions to better elicit the information the Commission needs to make the finding under Section 8(f) to deregister a fund.² Among other things, the proposed amendments would eliminate descriptions of: (1) registration statements previously filed by the fund with the Commission; (2) actions taken by the fund to distribute any proxy materials; and (3) actions taken under state law with respect to a merger, including documents that have been filed with the state in which the fund is registered. Regarding mergers, the proposed amendments also would replace the broad question about the circumstances and details of the merger with a specific question about the exchange ratio used to distribute assets to investors and how the ratio was calculated. The proposed amendments to Rule 8f-1 would expand the types of circumstances in which a fund may use Form N-8F to apply for a deregistration order. These circumstances would

include a fund that is deregistering because (1) it qualifies for an exclusion from the definition of “investment company” provided by Section 3(c)(7) or Section 3(c)(1) of the Investment Company Act, or (2) it has decided to become a business development company (“BDC”). Barry E. Simmons Assistant Counsel Attachment

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