

MEMO# 1976

June 18, 1990

SEC ISSUES CONCEPT RELEASE ON MULTINATIONAL TENDER AND EXCHANGE OFFERS

June 18, 1990 TO: INVESTMENT ADVISERS COMMITTEE NO. 19-90 SEC RULES COMMITTEE NO. 34-90 CLOSED-END FUND COMMITTEE NO. 14-90 INTERNATIONAL FUNDS TASK FORCE NO. 14-90 RE: SEC ISSUES CONCEPT RELEASE ON MULTINATIONAL TENDER AND EXCHANGE OFFERS _____ The SEC is seeking comments on a proposed conceptual approach intended to encourage foreign bidders and issuers to extend offshore cash tender and exchange offers to U.S. securityholders, where U.S. securityholders own a small percentage of the securities that are the subject of such offers. A copy of the related concept release is attached. Currently, in transactions where U.S. investors comprise only a small portion of a company's securityholder base, foreign bidders or issuers often exclude those investors from multinational tender and exchange offers because of the costs and delays associated with compliance with applicable U.S. laws and regulations. As a result, U.S. securityholders may lose the opportunity to realize significant value on their foreign investments and may be forced to decide whether to retain or sell their foreign securities into the secondary market without the benefit of either U.S. or foreign regulatory safeguards. To address this problem, the proposed conceptual approach would permit foreign bidders and issuers to make multinational tender and exchange offers in the United States on the basis of applicable foreign disclosure, procedural and accounting requirements where U.S. holdings constitute a small portion of the transactions. The attached release requests comments on the appropriateness of this approach and asks specific questions about its scope and implementation. The release also requests suggestions as to other potential approaches to the problems outlined. The comment period expires on September 21, 1990. If you would like the Institute to submit a comment letter and there are positions you would like us to consider, please contact me. Frances M. Stadler Assistant General Counsel Attachment