

MEMO# 3220

October 24, 1991

LEGISLATION INTRODUCED TO REQUIRE REPORTING OF SHORT POSITIONS BY CERTAIN HOLDERS

October 24, 1991 TO: CLOSED-END FUND COMMITTEE NO. 28-91 INVESTMENT ADVISERS COMMITTEE NO. 53-91 RE: LEGISLATION INTRODUCED TO REQUIRE REPORTING OF SHORT POSITIONS BY CERTAIN HOLDERS

The "Market Information and Shareholder Protection Act of 1991" (H.R. 3317) was recently introduced in Congress to amend Section 13 of the Securities Exchange Act to add a reporting requirement for beneficial owners of "a short position equivalent to more than 5 percent of...any equity security issued by a closed-end investment company registered under the Investment Company Act of 1940." The bill prescribes certain information that must be included in the report, which is required to be sent to the issuer and each exchange on which the shares trade, and filed with the SEC. In addition, the bill grants the SEC rulemaking authority to require additional information in the report. The bill also would amend Section 13(f)(1) of the Exchange Act, which requires institutional investment managers to file a report with respect to accounts for which it exercises investment discretion holding equity securities having an aggregate fair market value of at least \$100,000,000, to include accounts holding equity securities or short positions in equity securities. (The proposed change is underlined.) The bill was referred to the House Committee on Energy and Commerce. As of this date, no hearings on the bill have been scheduled. A copy of H.R. 3317 is attached. Please provide me with any comments you have on H.R. 3317 by November 26, 1991. My direct number is 202/955-3523. Amy B.R. Lancellotta Associate General Counsel Attachment

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