

MEMO# 11196

August 17, 1999

NYSE PROPOSAL REGARDING CLOSED-END FUND CONTINUED LISTING STANDARDS

1 Securities Exchange Act Release No. 41648 (July 26, 1999), 64 FR 41986 (August 2, 1999), a copy of which is attached. 2 The SEC recently approved a codification of the NYSE's initial listing standard for closed-end funds with less than three years of operating history. See Securities Exchange Act Release No. 41346 (April 29, 1999), 64 FR 24435 (May 6, 1999). This standard requires a minimum net asset value of \$60 million. [11196] August 17, 1999 TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 25-99 RE: NYSE PROPOSAL REGARDING CLOSED-END FUND CONTINUED LISTING STANDARDS

The Securities and Exchange Commission ("SEC") has published for comment, and at the same time granted partial accelerated approval to a portion of, a proposed rule change filed by the New York Stock Exchange ("NYSE")¹ instituting a pilot program relating to continued listing standards. Among other things, the proposed rule change amends the NYSE Listed Company Manual, and makes corresponding changes to NYSE rules, regarding its criteria governing the continued listing of closed-end funds. The NYSE will implement these changes immediately pursuant to a proposed pilot program that will expire on November 1, 1999, or at an earlier time if the SEC approves the NYSE's request for permanent approval of the program before that date. Comments on the proposed rule change are due to the SEC no later than August 23, 1999. Under the pilot program, effective immediately, until a closed-end fund has operated for three years, it will be held to a continued listing standard of \$30 million in both total market capitalization and net assets.² Thereafter, it will be held to the financial criteria generally applicable to operating companies. Specifically, a closed-end fund will be subject to suspension and delisting if: (i) its global market capitalization and its net assets each fall below \$50 million, or (ii) its average global market capitalization is below \$15 million over 30 consecutive trading days. At all times, all closed-end funds must maintain their closed-end status and maintain a minimum market capitalization of \$15 million. 2If you have any comments you would like us to consider including in an Institute comment letter, please provide them to Ari Burstein by phone at (202) 371-5408, by fax at (202) 326-5841, or by e-mail at aburstein@ici.org no later than August 20. Ari Burstein Assistant Counsel Attachment