

MEMO# 7056

June 26, 1995

INSTITUTE SUPPORTS NASD PROPOSAL TO EXCLUDE INVESTMENT COMPANIES FROM ""LIMITED PARTNERSHIP ROLLUP"" DEFINITION

1 See Memorandum to SEC Rules Committee No. 73-95, dated June 15, 1995. 2 See id. June 26, 1995 TO: SEC RULES COMMITTEE No. 76-95 RE: INSTITUTE SUPPORTS NASD PROPOSAL TO EXCLUDE INVESTMENT COMPANIES FROM ""LIMITED PARTNERSHIP ROLLUP""

DEFINITION _____ The Institute has filed the attached comment letter with the Securities and Exchange Commission, supporting proposed rule changes that would exclude registered investment companies from the definition of "limited partnership rollup transaction" in Article III, Section 34 of the NASD Rules of Fair Practice and Part I of Schedule D to the NASDGs By-laws.¹ The attached comment letter is identical to the draft letter recently circulated to you.² As previously noted, the letter asserts that the proposed exclusion of registered investment companies from the definition of "limited partnership rollup transaction" is entirely appropriate because, as noted in the proposing release, such companies already are subject to extensive regulation and have not been perceived as presenting the potential for the types of abuses at which regulation of limited partnership rollup transactions is aimed. The letter also notes the importance of conforming NASD rules with SEC rules in this regard, to avoid possible regulatory conflict. Finally, the letter agrees with the NASDGs statement in the proposing release that the rule change provides for regulatory consistency and appropriately excludes investment companies from unnecessary and potentially burdensome additional regulation. Frances M. Stadler Associate Counsel Attachment

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