

MEMO# 5225

October 13, 1993

INSTITUTE COMMENTS ON SEC PROPOSED RULE 3A-8, POINTS OUT NEED FOR MULTIPLE CLASS EXEMPTIVE RULE

October 13, 1993 TO: BOARD OF GOVERNORS NO. 91-93 SEC RULES MEMBERS NO. 83-93
RE: INSTITUTE COMMENTS ON SEC PROPOSED RULE 3a-8, POINTS OUT NEED FOR MULTIPLE
CLASS EXEMPTIVE RULE _____ The
Securities and Exchange Commission recently proposed Investment Company Act Rule
3a-8, which would codify a Commission order excluding certain bona fide research and
development companies from investment company status. The Institute recently submitted
the attached comment letter to the Commission on the proposal. In its letter, the Institute
stated that it has no objection to the rule proposal and that it supports the codification of
exemptive orders when appropriate. The letter emphasized that the Commission's
exemptive authority allows the agency to permit the introduction of innovative products
and services, but that current resource limitations on the Division of Investment
Management have significantly hampered the Division's ability to act on applications on a
timely basis. Codification of well-established exemptive orders can alleviate some of those
resource limitations. The letter stresses that codification of multiple class exemptive orders
would be particularly appropriate. The Institute's letter recommends that the Commission
"propose such a rule at the earliest possible time, in order to save scarce resources in the
Division's exemptive applications program and to reduce the expenses associated with the
creation of multiple class funds." Paul Schott Stevens General Counsel Attachment