

**MEMO# 8808**

April 17, 1997

## **SEC STAFF INFORMS CLOSED-END FUND SHAREHOLDER THAT TENDER OFFER NEED NOT COVER ALL SHARES**

April 17, 1997 TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 17-97 RE: SEC STAFF INFORMS CLOSED-END FUND SHAREHOLDER THAT TENDER OFFER NEED NOT COVER ALL SHARES

The SEC staff recently informed a closed-end fund shareholder that a tender offer for a portion of the funds shares was not inconsistent with the terms of the funds prospectus. A copy of the letter is attached. The shareholder asserted that the funds prospectus required it to make a tender offer for all of the funds outstanding shares. The shareholder based its conclusion on the following statement that appeared in the funds prospectus: "the Fund will purchase all shares tendered in accordance with the terms of the offer unless it determines to accept none of them." The SEC staff responded that the phrase "in accordance with the terms of the offer" referred to "limits established by the Fund's Board as to what percentage of shares will be covered by each tender offer." In addition, the staff cited prospectus provisions prohibiting tenders that would result in the delisting of the fund's shares or impairing the funds status as a regulated investment company as further support for concluding that the prospectus did not require that any single tender offer cover 100 percent of the fund's shares. Dorothy M. Donohue Associate Counsel Attachment (in .pdf format)