

MEMO# 1981

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SEC ISSUES CONCEPT RELEASE ON REFORM OF THE REGULATION OF INVESTMENT COMPANIES

June 20, 1990 TO: INVESTMENT ADVISERS COMMITTEE NO. 21-90 RE: SEC ISSUES CONCEPT
RELEASE ON REFORM OF THE REGULATION OF INVESTMENT COMPANIES

Attached for your information is a concept release issued by the SEC on June 15, 1990 concerning its study of investment company regulation. In the release, the SEC is soliciting comments on reform of the regulation of investment companies under the Investment Company Act of 1940, the Investment Advisers Act of 1940, the Securities Act of 1933 and the Securities Exchange Act of 1934. The release raises a number of specific topics and questions and invites comments on these and any other issues that commenters believe relevant. The specific broad topics addressed in the SEC's release are primarily concerned with the structure and operations of investment companies. These topics include internationalization of the securities markets, alternative pooled vehicles (such as the unitary investment fund), asset-backed arrangements, distribution of open-end investment company shares, closed-end funds and repurchases of shares, regulation of insurance products and bank involvement with investment companies. The release also raises questions about possible exemptions from certain 1940 Act provision for institutional funds, regulation of series companies, treatment of fund complexes, affiliated transactions and the size of investment companies. There is very little in the release directly concerning investment advisers, except with respect to internationalization. In that section, the SEC discusses several of the existing barriers to cross border sales of investment adviser services and requests comment on, among other things, proposals on how to eliminate those barriers. As a part of its ongoing project described above, the Institute is preparing a regulatory report on investment company regulation in the 1990s. It is anticipated that this report will form the basis of the Institute's comments to the SEC. Amy B. Rosenblum Assistant General Counsel Attachment