MEMO# 7491

December 18, 1995

INSTITUTE COMMENTS ON PROPOSED REGULATIONS PERMITTING TRANSFERS OF ASSETS TO INVESTMENT COMPANIES

1 See Institute Memorandum to Tax Members No. 37-95 and to Accounting/Treasurers Members No. 36-95, dated August 10, 1995. December 18, 1995 TO: TAX COMMITTEE No. 38-95 ACCOUNTING/TREASURERS COMMITTEE No. 58-95 RE: INSTITUTE COMMENTS ON PROPOSED REGULATIONS PERMITTING TRANSFERS OF ASSETS TO INVESTMENT COMPANIES ____ As we previously informed you, earlier this year the Internal Revenue Service ("IRS") responded to an Institute request for guidance by issuing proposed regulations clarifying the circumstances under which a regulated investment company ("RIC") may transfer a diversified portfolio of assets to a partnership in a tax-free transaction.1 The Institute requested this guidance to facilitate the use by RICs of the "master/feeder" structure, where the "master fund" is a partnership that has at least one RIC partner (or "feeder"). In the attached comment letter, the Institute expresses strong support for the proposed regulations. The letter requests one technical change to clarify the treatment of RICs that hold Government securities and ensure that these RICs, which the IRS expressly intended to include within the regulationsG scope, are in fact covered. We will keep you informed of developments. Keith D. Lawson Associate Counsel - Tax Attachment