

MEMO# 10554

December 11, 1998

ICI Submission to SEC Concerning Affiliated Transactions

1 See Memorandum to SEC Rules Committee No. 53-98, dated June 4, 1998; Memorandum to SEC Rules Committee No. 81- 98, dated August 13, 1998. [10554] December 11, 1998
TO: SEC RULES COMMITTEE No. 126-98 RE: ICI SUBMISSION TO SEC CONCERNING
AFFILIATED TRANSACTIONS

The Institute has submitted to the SEC's Division of Investment Management a set of recommendations for new and amended rules (or interpretive or no-action relief) concerning affiliated transactions.¹ A copy of the final version of the submission is attached. The recommendations cover the following areas: (1) mergers of certain affiliated investment companies; (2) transactions involving subadvisory affiliates; (3) in-kind redemptions by affiliated persons; (4) investments in affiliated money market funds; (5) coincidental transactions; (6) riskless principal transactions; (7) transactions involving upstream affiliates; and (8) transactions involving affiliated portfolio companies. Not included in the submission are two proposals we had considered making concerning (1) joint trading accounts, and (2) lending agreements among affiliated investment companies. These latter two proposals would have codified existing exemptive relief that relies on compliance with an extensive list of conditions. Based on the judgment that it may be undesirable to import such detailed and extensive conditions into rules, we deleted the proposals from the final submission. Frances M. Stadler Deputy Senior Counsel Attachment

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