

MEMO# 10590

December 21, 1998

MASSACHUSETTS ENACTS INDEPENDENT DIRECTORS LEGISLATION

* See *Strougo v. Padeys*, 964 F. Supp. 783 (S.D.N.Y. 1997). See also Memorandum to Board of Governors No. 26-98, Closed-End Investment Company Members No. 13-98, Investment Company Directors No. 3-98, Primary Contacts - Member Complex 34-98, and SEC Rules Members No. 33-98 (May 12, 1998) for information on the Maryland legislation. [10590] December 21, 1998 TO: BOARD OF GOVERNORS No. 82-98 CLOSED-END INVESTMENT COMPANY MEMBERS No. 46-98 INVESTMENT COMPANY DIRECTORS No. 11-98 PRIMARY CONTACTS - MEMBER COMPLEX No. 117-98 SEC RULES MEMBERS No. 112-98 RE: MASSACHUSETTS ENACTS INDEPENDENT DIRECTORS LEGISLATION

_____ I am pleased to report that on December 4, 1998, the Governor of Massachusetts signed into law legislation that will reaffirm for purposes of Massachusetts trust law that the Investment Company Act of 1940 governs the determination of whether a director of an investment company is an "interested person." This new law will apply to all decisions or actions of a trustee occurring on or after March 4, 1999, the effective date of the legislation. This legislation is similar to legislation that was enacted by Maryland in May of this year in response to the *Strougo** case. A copy of the portion of the Massachusetts Bill (i.e., Senate Bill 2079) relating to investment company trustees is attached. Matthew P. Fink President Attachment

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