

MEMO# 1898

May 7, 1990

SEC SEMIANNUAL REGULATORY AGENDA; AMENDMENTS TO RULE 12B-1 WITHDRAWN AS SEPARATE RULEMAKING PROPOSAL

- 1 - May 7, 1990 TO: CLOSED-END FUND COMMITTEE NO. 13-90 INVESTMENT ADVISERS COMMITTEE NO. 13-90 SEC RULES COMMITTEE NO. 29-90 UNIT INVESTMENT TRUST COMMITTEE NO. 24-90 RULE 12B-1 AD HOC COMMITTEE RE: SEC SEMIANNUAL REGULATORY AGENDA; AMENDMENTS TO RULE 12B-1 WITHDRAWN AS SEPARATE RULEMAKING PROPOSAL _____ The Securities and Exchange Commission recently published its semiannual regulatory agenda announcing intended rulemaking actions. A copy of the agenda is attached. The Commission is requesting comments by June 30, 1990. Please provide me with any comments you have on the agenda by June 11. Perhaps the most significant item on the agenda is that the proposed amendments to Rule 12b-1 and Rule 17d-3, as well as proposed Rule 6c-10, are no longer being considered as separate rulemaking proposals, but will be considered as part of the staff's comprehensive study of the 1940 Act. (The proposal to recommend legislation that would provide for an alternative form of mutual fund governance also will be considered as part of the study.) In addition, the "completed actions" category of the agenda includes, among other actions, several proposals relating to investment companies and investment advisers that have been withdrawn from consideration by the staff. Those proposals are listed below under the heading "Withdrawn from Consideration." Set forth below are agenda items which are of particular relevance to investment companies and investment advisers. 1 */ New item - 2 - Prerule Stage: Comprehensive study of the Investment Company Act of 1940. (p. 17197)*/1 Proposed Rule Stage: Revision of investment company proxy rules. (p. 17201) Exemption from 1940 Act for companies that invest in pooled agency certificates and companies that issue mortgage-backed securities. (p. 17201) Disclosure of security ratings in registration statements of money market funds. (p. 17201) Technical amendments to Form N-1A. (p. 17202) Advertising by unit investment trusts. (p. 17202) Exemption from 1940 Act for certain two-tier real estate limited partnerships. (p. 17202) Revisions to the registration and the annual supplement forms used by investment advisers. (p. 17202) Proposed rule permitting certain futures commission merchants to maintain custody of investment company assets. (p. 17203) Proposed rule to exempt smaller investment advisers from most federal adviser regulation. (p. 17203) Amendments to Rules 24f-1 and 24f-2 under the 1940 Act to clarify the operations of the rules. (p. 17203) Amendments to Rule 31a-2 under the 1940 Act to clarify record keeping requirements for investment companies investing primarily in foreign securities. (p. 17203) Final Rule Stage: Proposed rules to require registrants to include a

report of management's responsibilities in Form N-SAR and annual reports to shareholders. (p. 17204) - 3 - Revised rules under Section 16 of the 1934 Act. (p. 17205) Multijurisdictional disclosure system that would permit certain Canadian issuers to register securities in the U.S. using disclosure documents prepared in compliance with Canadian regulatory requirements. (p. 17206) Reproposed Form N-7, a simplified registration statement for unit investment trusts. (p. 17201) Amendments to Form N-2. (p. 17209) Proposed Rule 24f-3 under the 1940 Act which would simplify the filing requirements under Section 24(f) for securities of unit investment trusts for sales on the secondary market. (p. 17209) Proposed amendments to Rule 12d3-1 under the 1940 Act. (p. 17210) Disclosure and analysis of mutual funds performance information; portfolio manager disclosure. (p. 17210) Withdrawn from Consideration: Proposed Rule 3a-4 under the 1940 Act providing a safe harbor for certain individualized investment management services. (p. 17211) Proposed amendment to Rule 17g-1 under the 1940 Act to clarify the scope of the rule by explicitly requiring bonding of certain persons who have access to an investment company's assets. (p. 17211) Proposed amendments to Rule 17j-1 under the 1940 Act to reduce reporting requirements for investment company directors who are "interested persons" of such company solely by reason of their affiliation with a registered broker-dealer. (p. 17212) Method of compliance with Section 206(3) of the Advisers Act in connection with purchases of securities from an underwriting syndicate for an advisory client under specified conditions. (p. 17212) Proposed amendments to Rule 206(4)-1 under the Advisers Act to permit investment advisers greater flexibility in advertising. (p. 17212) Proposed amendments to Rule 10f-3 under the 1940 Act to provide alternative conditions for permitting purchases from affiliated - 4 - underwriters during the existence of an underwriting syndicate. (p. 17212) Proposed Rule 12d3-2 under the 1940 Act to set forth conditions under which investment companies may engage in repurchase transactions with persons engaged in securities-related businesses. (p. 17212) Proposed amendments to Rule 17f-5 under the 1940 Act to make the definition of "eligible foreign custodian" and other provisions of the rule less restrictive. (p. 17212) Safe harbor under Section 5 of the 1933 Act for certain broker- dealer publications that contain information about investment companies. (p. 172123) Proposed Rule 36a-1 under the 1940 Act to require non-resident directors of investment companies to designate a registered agent for service of process. (p. 17213) Revisions to the circumstances under which post-effective amendments may become effective under Rules 485 and 486 under the 1933 Act. (p. 17213) Revisions to permit mutual funds to provide a summary portfolio schedule to shareholders in their annual reports. (p. 17213) Proposed Rule 11c-1 under the 1940 Act to permit unit investment trusts and their sponsors to make certain exchange offers without prior SEC approval under specified conditions. (p. 17213) Proposed Rules 2a19-2 and 2a3-1 providing comparable treatment under certain conditions for investment companies organized as limited partnerships as for investment companies organized as corporations. (p. 17214) Frances M. Stadler Assistant General Counsel Attachment