

MEMO# 7614

February 5, 1996

DRAFT COMMENT LETTER ON PROPOSED AMENDMENT TO RULE 12B-1

1 See Memorandum to SEC Rules Committee No. 1-96, dated January 15, 1996. February 5, 1996 TO: SEC RULES COMMITTEE No. 10-96 RE: DRAFT COMMENT LETTER ON PROPOSED AMENDMENT TO RULE 12b-1

As we previously informed you, the SEC has proposed to amend Rule 12b-1 under the Investment Company Act of 1940 to eliminate the requirement for shareholder approval of an investment company's 12b-1 plan before the company has publicly offered its shares.¹ Attached for your review is a draft of the Institute's comment letter on the proposed amendment. The draft letter strongly supports the elimination of the initial shareholder vote requirement. It recommends a technical change to the wording of the proposed amendment that is intended to make clear that a vote of public shareholders would not be required if an existing investment company adds a new series or class with a 12b-1 plan and that plan is adopted before shares of the series or class are publicly offered. Comments on the proposed amendment must be filed with the SEC by Thursday, February 22nd. If you have any comments on the attached draft letter, please contact me at (202) 326-5822 by Thursday, February 15th. Frances M. Stadler Associate Counsel Attachment

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