

MEMO# 36037

March 4, 2025

ICI Files Letter in Support of Co-Investment Reform

[36037]March 04, 2025TO:ICI Members
Alternative Closed-End Fund Working Group
Closed-End Investment Company Committee
Co-Investment Working GroupSUBJECTS:Alternative Investments
Closed-End Funds
Exchange-Traded Funds (ETFs)
Fixed Income Securities
Investment AdvisersRE:ICI Files Letter in Support of Co-Investment Reform

ICI submitted a letter in support of the SEC approving the co-investment exemptive application filed by FS Credit Opportunities Corp., et. al, on February 21, 2025 ("FS Co-Investment Application").[\[1\]](#) ICI is in support of the advancement of the conditions laid out in the FS Co-Investment Application and believes approving co-investment applications with those conditions on a going forward basis—or otherwise providing class relief consistent with those conditions—would reflect a more principles-based co-investment framework, like that previously advocated by ICI and discussed in engagement meetings with SEC Staff during the summer of last year. ICI thoroughly supports the proposed improvements relative to the existing inflexible co-investment framework and believes the FS Co-Investment Application represents a significant step in the right direction.

However, ICI emphasizes that the FS Co-Investment Application should be viewed as only the first step in the long-overdue modernization of these applications and the co-investment framework more broadly. Co-investment opportunities present significant benefits to the ability of investors to participate in diversified investments and facilitate U.S. capital formation. Cumbersome exemptive relief interferes with these benefits, and we believe the SEC Staff should remain committed to working toward further improvements after the FS Co-Investment Application is granted, including through considering further amendments to exemptive relief and potential amendments to Rule 17d-1.

We further request that the SEC take steps to make the revised co-investment relief immediately available to all funds that have the existing form of the relief. This is essential to ensure that the benefits of the revised relief are available promptly to all interested market participants. Processing individual applications for the amended relief serves no substantive purpose, and the SEC and its Staff have at their disposal tools to avoid the expense and delay of such a process. For example, the SEC or its Staff could provide no-action relief to permit any fund with existing relief to rely on the revised conditions or could

issue a class order with similar effect.

Kevin Ercoline
Assistant General Counsel

Notes

[1] In the Matter of FS Credit Opportunities Corp., et. al, Application for an Order Pursuant to Sections 17(d) and 57(i) of the Investment Company Act of 1940 and Rule 17d-1 under the Investment Company Act of 1940 Permitting Certain Joint Transactions Otherwise Prohibited by Sections 17(d) and 57(a)(4) of Rule 17d-1 Under the Investment Company Act of 1940, SEC Accession No. 0001193125-25-030936 (filed Feb. 21, 2025), *available at* <https://www.sec.gov/Archives/edgar/data/1501729/000119312525030936/d909521d40app.htm>.

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