

## Press Release

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# SEC Proposes Amendments to Exemptive Applications Procedures

### FOR IMMEDIATE RELEASE

2019-219

Washington D.C., Oct. 18, 2019 — The Securities and Exchange Commission today announced that it has voted to propose rule amendments to establish an expedited review procedure for applications under the Investment Company Act that are substantially identical to recent precedent, as well as a new informal internal procedure for applications that would not qualify for the new expedited process. The proposed actions are intended to make the application process more efficient as well as to provide additional certainty and transparency to the process. The Commission also announced its intention that the staff of the Division of Investment Management begin publicly disseminating comments on applications and responses to those comments.

“I am pleased that our staff in the Division of Investment Management continues to look for ways to modernize and make our regulations more efficient,” said SEC Chairman Jay Clayton. “These proposals will improve transparency, reduce costs for applicants, and free up staff resources.”

The proposal will have a 30-day comment period following its publication in the Federal Register.

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### FACT SHEET

#### **Amendments to Procedures With Respect to Applications Under the Investment Company Act of 1940**

The Commission regularly receives applications seeking orders for exemptions or other relief for funds under the Investment Company Act. For example, many funds have historically required an exemption in order to operate, such as exchange-traded funds, and other funds have sought exemptive relief in order to operate in a more efficient and less costly manner. Rule 0-5 under the Act sets forth the procedure for applications seeking such exemptive orders. Granting appropriate exemptions from the Act can provide important economic benefits to funds and their shareholders, foster financial innovation, and increase the diversity of opportunities for investors.

The SEC has proposed amendments to rule 0-5 to, among other things, establish an expedited review procedure for certain applications and establish an internal timeframe for review of applications outside of the expedited procedure. The proposed amendments are intended to grant relief as efficiently and quickly as possible, while also ensuring that applications continue to be carefully analyzed consistent with the relevant statutory standards. A more efficient application process would allow applicants to realize the benefits of relief more quickly than otherwise would be the case; and fund shareholders would generally share in these benefits. The proposed expedited review procedure would also make the applications process less expensive for applicants, and would ensure that Commission staff could devote additional resources to the review of more novel requests.

#### **Highlights:**

- Proposed amendments to rule 0-5 under the Investment Company Act would establish an expedited review procedure for routine applications that are substantially identical to recent precedent.

- Expedited review would be available if the application is substantially identical to two other applications for which an order granting the relief has been issued within two years of the date of the application's initial filing.
- Notice for an application filed under expedited review would be issued no later than 45 days from the date of filing unless applicants are not qualified under the rules or if the staff believes comments are necessary.
- Proposed amendments to rule 0-5 under the Act would deem an application outside of expedited review withdrawn when the applicant does not respond to comments from SEC staff within 120 days.
- Proposed new rule 17 CFR 202.13 would establish an internal timeframe for staff to take action on applications outside of expedited review within 90 days of the initial filing and amendments thereto.
- The proposal also announces plans for staff of the Division of Investment Management to publicly disseminate staff comments on applications, and responses to those comments, no later than 120 days after the final disposition of an application, similar to the current policy of Division of Investment Management's Disclosure office in reviewing registration statement filings.

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## Related Materials

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- [Proposed Rule Amendment](#)