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SEC Issues Proposed Rule Amendments Regarding Fund Naming Conventions: Dechert

Overview

The U.S. Securities and Exchange Commission, by a vote of three-to-one, proposed for public comment on May 25, 2022, amendments to the rule governing naming conventions of funds¹ subject to the U.S. Investment Company Act of 1940. The “names rule” generally requires a fund to invest, under normal circumstances, at least 80% of its assets in the investments suggested by its name. The proposed amendments would (among other items):

- expand the scope of funds subject to Rule 35d-1 under the Investment Company Act (Names Rule); address certain funds that use environmental, social and/or governance (ESG) investment practices and ESG and related terms in their names;
- limit the circumstances under which a fund may temporarily depart from its 80% investment policy and include time frames for returning to compliance with its 80% investment policy; and
- include certain form changes and new disclosure requirements.²

As further discussed below, these proposed amendments have the potential to meaningfully impact fund names, strategies, management and operations.

[Continue reading.](#)

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