

April 3, 2020

SEC Schedules Open Meeting to Consider Adopting Rules that Would Extend Securities Offering Reforms to Closed-End Funds and Business Development Companies

The SEC has scheduled an open meeting for April 8, 2020, to consider whether to adopt amendments that would permit business development companies (“BDCs”) and registered closed-end funds (“registered CEFs”) to use the securities offering and proxy rules that are already available to operating companies.

The SEC issued its [rulemaking proposal](#) to streamline the registration, communications and offering practices for BDCs and registered CEFs on March 20, 2019 (summarized in this Ropes & Gray [Alert](#)), and the comment period on the proposal ended on June 10, 2019. The SEC’s proposal is intended to implement certain provisions of the Small Business Credit Availability Act (the “BDC Act”), enacted in March 2018 (summarized in this Ropes & Gray [Alert](#)), and the Economic Growth, Regulatory Relief, and Consumer Protection Act, enacted in May 2018 (summarized in this Ropes & Gray [Alert](#)), which directed the SEC to provide parity in securities offering regulation between certain types of closed-end investment funds and operating companies. Notably, the revisions specified by the BDC Act became “self-implementing” on March 24, 2019. Under the BDC Act, if the SEC failed to complete the required revisions by March 23, 2019, a BDC may deem the required revisions to have been made for the period beginning on March 24, 2019 and ending on the day the SEC completes the required revisions.

According to the SEC’s [Sunshine Act Notice](#) for the April 8th open meeting:

The Commission will consider whether to adopt rule and form amendments that would improve access to capital and facilitate investor communications by business development companies, which primarily invest in small and developing companies, and registered closed-end investment companies. The Commission will consider these amendments, in part, to implement certain provisions of the Small Business Credit Availability Act and the Economic Growth, Regulatory Relief, and Consumer Protection Act. Specifically, the Commission will consider whether to modify the registration, communications, and offering processes for business development companies and other closed-end investment companies under the Securities Act of 1933, as well as related rule and form amendments under the Investment Company Act of 1940 to tailor the disclosure and regulatory framework to these investment companies. The Commission also will consider whether to adopt rule and form amendments to modernize securities registration fee payments for certain registrants.

The meeting will be held via remote means and/or at the SEC’s headquarters, is scheduled to begin at 3:00 p.m. Eastern Time, and will be open to the public via audio webcast only on the SEC’s website at www.sec.gov.

Stay tuned.