THE INVESTMENT COMPANY ACT OF 1940 AND INVESTMENT COMPANY COMPLIANCE COURSE

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WORTH REGIONAL OFFICE

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What is an investment company?:

Purposes and policy of the Investment Company Act - Section 1(b)

Definition of an investment company and the exclusions and exemptions therefrom (Section 3)

- * 2 Continuation of Section 3
- # 3 Continuation of Section 3(b)(3)
- ★ 4 Continuation of Section 3(c)(3)
- ★ 5 Section 6 of the Investment Company Act

 Classifications of investment companies (Section 4)

 Subclassification of investment companies (Section 5)

The unregistered investment company:

Prohibitions against unregistered companies (Section 7)

Enforcement of prohibitions (Section 42(e))

* 6 Registration of investment companies:

When is a company a registered company? (Section 8(a))
Registration under the Securities Act of 1933 (Section 24)

- * 7 Investment policy recitals and adherence thereto (Sections 8(a) through (d), and Section 13)
- * 8 Capital requirements for the public offering of investment company shares (Section 14(a))

Subchapter M Status under IRS Code

Selection and ratification of independent accountants (Section 32)

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*	9	Custodianship and bonding (Section)	17(f) and $(g$
		Unit investment trusts and variable	annuities
		(Sections 26 and 27)	

Continuation of Section 27 and variable annuities

Management:

Voting securities (Section 18(i))
Voting and proxy solicitation (Section 20)
Election of directors (Section 16)
Ownership reports and short-term profits
(Section 30(f) (closed-end companies)

* 11. The sale and repurchase of investment company securities:

Open-end companies and unit trusts (Section 22) Closed-end companies (Section 23) Anti-competitive rule (Section 22(d))

- *12 Affiliated persons (Section 2(a)(3))
- 2 Continuation of affiliated persons and discussion of interested persons (Section 2(a)(19))
- * 14 Affiliation Limitation (Sections 2(a), 10(a) through (e), and 15(a))
- * 15 Advisory contracts (Sections 15(a) and (c) and Section 205 of the Investment Advisers Act)
- Continuation of advisory contracts and discussion of underwriting contracts (Sections 15(b) and (c))
- ★ 17. Affiliated transactions:

Sales, purchases, and loans to or from the company (Section 17(a))

Exemptions and exceptions (Sections 17(b) and (c))

Joint transactions (Section 17(d))

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* 18 Continuation of Section 17(d)

Compensation

Give-ups and Reciprocal Business (Section 17(e))

Prohibition against investment company purchasing from or through affiliated underwriters (Section 19(f))

Limitations of activities of investment companies Distribution (Section 12(b))

Investment restrictions (Sections 12(c) through (g))

Continuation of investment restrictions (Sections 12(d) through (g)

Margin, short sales (Section 12(a))

Senior securities (Section 18)

★ 21 Records of investment companies:

What records must be maintained (Section 31(c) authorization) (Rules 31a-1, 2 and 3)

* 22 Continuation of record requirements

How long must records be maintained (Section 31(a)) Determining net asset value (Section 2(a)(41) and Rule 2a-4)

★ 23 Ineligible persons (Section 9)

Nonfeasance of directors (Section 36)

Larceny and embezzelment (Section 37)

Commission's authority to inspect and investigate

Power to inspect (Section 31(b))
Power to investigate (Sections 42(a) through (d))

Validity of contracts (Section 47)
Compliance with Act -- direct and indirect (Section 48)

Enforcement of Act:

Civil: breach of fiduciary duties (Section 36)
Administrative
Criminal