

SEC Adopts New Rule Governing Registered Funds' Use of Derivatives

December 18, 2020 | Client Update

Our client memorandum discusses the key takeaways and main provisions of new Rule 18f-4 under the Investment Company Act, which was adopted by the SEC in a release dated November 2, 2020. According to the adopting release, Rule 18f-4 applies to the use of derivatives transactions and certain other transactions by registered investment companies (other than money market funds and UITs) and business development companies, and is designed to promote the ability of registered funds to use derivatives in a broad variety of ways that serve investors, while still addressing the investor protection concerns underlying Section 18 of the Investment Company Act.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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