

## Proposed Rule on Derivatives Use by Registered Funds

January 14, 2020 | Client Update

Our client memorandum discusses the key takeaways and main provisions of proposed new Rule 18f-4 under the Investment Company Act of 1940. According to the proposing release, proposed Rule 18f-4 would apply to 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. The proposed new rule, as proposed by the SEC on November 25, 2019, was substantially revised from the original version of the rule proposed by the SEC on December 11, 2015.

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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