



SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

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FOR IMMEDIATE RELEASE:

84-65

COMMISSION TO CONSIDER ALLOWING CERTAIN SECURITIES TO BE USED AS COLLATERAL

Washington, D.C., December 17 -- The Securities and Exchange Commission will consider adopting a rule that would allow certain securities of open-ended management companies and of unit investment trusts to be used as collateral for purchase of additional securities. Consideration will be at an open meeting to be held on Tuesday, December 18, 1984 at 10:00 a.m. in the Commission Meeting Room, 1C30, 450 Fifth Street N.W., Washington, D.C.

Investment Company Act Exemption to be Considered

At the open meeting, the Commission will consider issuing a release that would adopt Rule 11d1-2 under the Investment Company Act of 1940. The rule would exempt fully paid securities of open-end management investment companies and unit investment trusts from credit restrictions of Section 11(d)(1) under the Investment Company Act under certain conditions. If adopted, the effect of the Rule would be to allow investors to use these securities as collateral for obtaining credit from broker-dealers. It would thus put fund shares on an equal footing with other types of securities for purposes of extension of credit. The proposed rule conforms with credit liberalization by the Board of Governors of the Federal Reserve System.

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To be eligible, securities must be owned for 30 days prior to the extension of credit, except for fund shares acquired as a result of the automatic re-investment of dividends.

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