spread, concession or other profit not
less than the amount allowed to such
principal underwriter, exclusive of any
amounts received by such principal un-
derwriter as a management fee from
other principal underwriters.

(e) Such agreement is authorized by
resolution adopted by a vote of not less
than a majority of the board of direc-
tors of such registered company, none
of which majority is an affiliated per-
son of such principal underwriter, of
the issuer of the securities under-
written pursuant to such agreement or
of any person engaged in a business de-
scribed in paragraph (a)(1) of this sec-
ction.

(f) The resolution required in para-
graph (e) of this section shall state
that it has been adopted pursuant to
this section, and shall incorporate the
terms of the proposed agreement by at-
taching a copy thereof as an exhibit or
otherwise.

(g) A copy of the resolution required
in paragraph (e) of this section, signed
by each member of the board of direc-
tors of the registered company who
voted in favor of its adoption, shall be
transmitted to the Commission not
later than the fifth day succeeding the
date on which such agreement is exe-
cuted.

(Rule N–10F–1, 6 FR 1191, Feb. 28, 1941)

§ 270.10f–2 Exercise of warrants or
rights received on portfolio securi-
ties.

Any purchase or other acquisition of
securities by a registered investment
company pursuant to the exercise of
warrants or rights to subscribe to or to
purchase securities shall be exempt
from the provisions of section 10(f)
(section 10(f), 54 Stat. 807; 15 U.S.C. 80a–
10) of the Act, Provided, That the war-
rants or rights so exercised (a) were of-
ered or issued to such company as a
security holder on the same basis as all
other holders of the class or classes of
securities to whom such warrants or
rights were offered or issued, and (b) do
not exceed 5 percent of the total
amount of such warrants or rights so
issued.

(Rule N–10F–2, 9 FR 339, Jan. 8, 1944)

§ 270.10f–3 Exemption for the acquisi-
tion of securities during the exist-
ence of an underwriting or selling
syndicate.

(a) Definitions—(1) Domestic Issuer
means any issuer other than a foreign
government, a national of any foreign
country, or a corporation or other or-
ganization incorporated or organized
under the laws of any foreign country.

(2) Eligible Foreign Offering means a
public offering of securities, conducted
under the laws of a country other than
the United States, that meets the fol-
lowing conditions:

(i) The offering is subject to regula-
tion by a “foreign financial regulatory
authority,” as defined in section
2(a)(50)], in such country;

(ii) The securities are offered at a
fixed price to all purchasers in the of-
fering (except for any rights to pur-
chase securities that are required by
law to be granted to existing security
holders of the issuer);

(iii) Financial statements, prepared
and audited in accordance with stand-
ards required or permitted by the ap-
propriate foreign financial regulatory
authority in such country, for the two
years prior to the offering, are made
available to the public and prospective
purchasers in connection with the of-
fering; and

(iv) If the issuer is a Domestic Issuer,
it meets the following conditions:

(A) It has a class of securities reg-
istered pursuant to section 12(b) or
12(g) of the Securities Exchange Act of
1934 [15 U.S.C. 78l(b) or 78l(g)] or is re-
quired to file reports pursuant to sec-
tion 15(d) of the Securities Exchange
Act of 1934 [15 U.S.C. 78o(d)]; and

(B) It has filed all the material re-
quired to be filed pursuant to section
13(a) or 15(d) of the Securities Ex-
change Act of 1934 [15 U.S.C. 78m(a) or
78o(d)] for a period of at least twelve
months immediately preceding the sale
of securities made in reliance upon this
(or for such shorter period that the
issuer was required to file such mate-
rial).

(3) Eligible Municipal Securities means
“municipal securities,” as defined in
section 3(a)(29) of the Securities Ex-
that are sufficiently liquid that they