ance company if the Commission by order determines that such acquisition is in the public interest because the financial condition of such insurance company will be improved as a result of such acquisition or any plan contemplation as a result thereof. This section shall not be deemed to prohibit the promotion of a new insurance company or the acquisition of the securities of any newly created insurance company by a registered investment company, alone or with other persons. Nothing contained in this section shall in any way affect or derogate from the powers of any insurance commissioner or similar official or agency of the United States or any State, or to affect the right under State law of any insurance company to acquire securities of any other insurance company or insurance companies.


REFERENCES IN TEXT

The Securities Exchange Act of 1934, referred to in subsec. (d)(1)(B), (E)(i), is act June 6, 1934, ch. 404, 48 Stat. 881, as amended, which is classified generally to 28 (§78a et seq.) of this title. For complete classification of this Act to the Code, see section 78a of this title and Tables.

AMENDMENTS

2010—Subsec. (d)(1)(J). Pub. L. 111–203 substituted “any provision of this paragraph” for “any provision of this subsection”.


1996—Subsec. (d)(1)(D). (E). Pub. L. 104–290, §202(3), substituted “this paragraph” for “this paragraph (1)”.


1970—Subsec. (d)(1). Pub. L. 91–547 substituted provisions designated as subpars. (A) to (C) and (E) to (H) for former introductory provisions reading “It shall be unlawful for any registered investment company and any company or companies controlled by such registered investment company to purchase or otherwise acquire stock of such other investment company if the policy of such other investment company is not the concentration of investments in a particular industry or group of industries, or more than 3 per centum of the total outstanding voting stock of such other investment company if the policy of such other investment company is the concentration of investments in a particular industry or group of industries, except and cl. (B) exception reading “a security purchased with the proceeds of payments on periodic payment plan certificates, pursuant to the terms of the trust indenture under which such certificates are issued”, cl. (A) of such subpar. (1) being incorporated in subpar. (D) of this par. (1). Subsec. (d)(2). Pub. L. 91–547 incorporated existing introductory text and subpar. (2) provisions in provisions redesignated as par. (2) and struck out “after August 22, 1940,” after “purchase or otherwise acquire.” Subsec. (d)(3). Pub. L. 91–547 incorporated existing introductory text and subpar. (3) provisions in provisions redesignated as par. (3) and struck out “after August 22, 1940,” after “purchase or otherwise acquire”.

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111–203 effective 1 day after July 21, 2010, except as otherwise provided, see section 4 of Pub. L. 111–203, set out as an Effective Date note under section 5901 of Title 12, Banks and Banking.

EFFECTIVE DATE OF 1970 AMENDMENT


TRANSFER OF FUNCTIONS

For transfer of functions of Securities and Exchange Commission, with certain exceptions, to Chairman of such Commission, see Reorg. Plan No. 10 of 1955, §§1, 2, eff. May 23, 1955, 15 F.R. 3719, 64 Stat. 1263, set out under section 78d of this title.

§ 80a–13. Changes in investment policy

(a) Prohibited actions for registered investment companies

No registered investment company shall, unless authorized by the vote of a majority of its outstanding voting securities—

(1) change its subclassification as defined in section 80a–5(a)(1) and (2) of this title or its subclassification from a diversified to a non-diversified company;

(2) borrow money, issue senior securities, underwrite securities issued by other persons, purchase or sell real estate or commodities or make loans to other persons, except in each case in accordance with the recitals of policy contained in its registration statement in respect thereto;

(3) deviate from its policy in respect of concentration of investments in any particular industry or group of industries as recited in its registration statement, deviate from any investment policy which is changeable only if authorized by shareholder vote, or deviate
from any policy recited in its registration statement pursuant to section 80a-8(b)(3) of this title; or 
(4) change the nature of its business so as to cease to be an investment company. 

(b) Majority equivalent for common-law trusts 

In the case of a common-law trust of the character described in section 80a-16(c) of this title, either written approval by holders of a majority of the outstanding shares of beneficial interest or the vote of a majority of such outstanding shares cast in person or by proxy at a meeting called for the purpose shall for the purposes of subsection (a) be deemed the equivalent of the vote of a majority of the outstanding voting securities, and the provisions of paragraph (42) of subsection (a) be deemed the equivalent of the shares cast in person or by proxy at a meeting.

(c) Limitation on actions 

(1) In general 

Notwithstanding any other provision of Federal or State law, no person may bring any civil or administrative action against any registered investment company, or any employee, officer, director, or investment adviser thereof, based solely upon the investment company divesting from, or avoiding investing in, securities issued by persons that the investment company determines, using credible information available to the public—

(A) conduct or have direct investments in business operations in Sudan described in section 3(d) of the Sudan Accountability and Divestment Act of 2007 (50 U.S.C. 1701 note); or

(B) engage in investment activities in Iran described in section 8532(c) of title 22.

(2) Applicability 

(A) Rule of construction 

Nothing in paragraph (1) shall be construed to create, imply, diminish, change, or affect in any way whether or not a private right of action exists under subsection (a) or any other provision of this chapter.

(B) Disclosures 

Paragraph (1) shall not apply to a registered investment company, or any employee, officer, director, or investment adviser thereof, unless the investment company makes disclosures in accordance with regulations prescribed by the Commission.

(3) Person defined 

For purposes of this subsection the term "person" includes the Federal Government and any State or political subdivision of a State.


AMENDMENT OF SECTION 

For termination of amendment by section 12 of Pub. L. 110-174, see Termination Date of 2007 Amendment note below.

REFERENCES IN TEXT

Section 3(d) of the Sudan Accountability and Divestment Act of 2007, referred to in subsec. (c)(1)(A), is section 3(d) of Pub. L. 110-174, which is set out in a note under section 1701 of Title 50, War and National Defense.

AMENDMENTS

2010—Subsec. (c)(1). Pub. L. 111-195, § 203(a), amended par. (1) generally. Prior to amendment, text read as follows: “Notwithstanding any other provision of Federal or State law, no person may bring any civil, criminal, or administrative action against any registered investment company, or any employee, officer, director, or investment adviser thereof, based solely upon the investment company divesting from, or avoiding investing in, securities issued by persons that the investment company determines, using credible information that is available to the public, conduct or have direct investments in business operations in Sudan described in subsection (b) of section 80a-16 of this title.”

Subsec. (c)(2)(A). Pub. L. 111-195, § 205(b)(1), amended subpar. (A) generally. Prior to amendment, text read as follows: “Paragraph (1) does not prevent a person from bringing an action based on a breach of a fiduciary duty owed to that person with respect to a divestment or non-investment decision, other than as described in paragraph (1).”


1975—Subsec. (b). Pub. L. 94-29 substituted “section 80a-16(c) of this title” for “subsection (b) of section 80a-16 of this title”.

1970—Subsec. (a)(3). Pub. L. 91-547, § 3(d), prohibited deviation from any investment policy which is changeable only if authorized by shareholder vote, substituted “section 8(b)(3)” for “section 8(b)(2)”, and in the latter deviation provision struck out “fundamental” before “policy”.

Subsec. (b). Pub. L. 91-547, § 2(b), substituted reference to “paragraph (42)” for “paragraph (40)”.

EFFECTIVE DATE OF 2010 AMENDMENT


TERMINATION DATE OF 2007 AMENDMENT

Amendment by Pub. L. 110-174 to terminate 30 days after the date on which the President has certified to Congress that the Government of Sudan has honored certain commitments, see section 12 of Pub. L. 110-174, set out in a note under section 1701 of Title 50, War and National Defense.

EFFECTIVE DATE OF 1975 AMENDMENT

Amendment by Pub. L. 94-29 effective June 4, 1975, see section 31(a) of Pub. L. 94-29, set out as a note under section 78b of this title.

EFFECTIVE DATE OF 1970 AMENDMENT


SEC REGULATIONS

Pub. L. 111-195, title II, § 203(b), July 1, 2010, 124 Stat. 1344, provided that: “Not later than 120 days after the date of the enactment of this Act [July 1, 2010], the Securities and Exchange Commission shall issue any revi-
sions the Commission determines to be necessary to
the regulations requiring disclosure by each registered
investment company that divests itself of securities in
accordance with section 13(c) of the Investment Com-
pany Act of 1940 [15 U.S.C. 80a–13(c)] to include divest-
ments of securities in accordance with paragraph (1)(B)
of such section, as added by subsection (a) of this sec-

cion on”.

§ 80a–14. Size of investment companies
(a) Public offerings

No registered investment company organized after August 22, 1940, and no principal under-
writer for such a company, shall make a public offering of securities in accordance with paragraph (1)(B)
of such section, as added by subsection (a) of this sec-

(b) Study on effects of size

The Commission is authorized, at such times as it deems that any substantial further in-
crease in size of investment companies creates any problem involving the protection of inves-
tors or the public interest, to make a study and investigation of the effects of size on the invest-
ment policy of investment companies and on se-
curity markets, on concentration of control of wealth and industry, and on companies in which
investment companies are interested, and from time to time to report the results of its studies
and investigations and its recommendations to the Congress.

(1) shall continue in effect for a period more
than two years from the date of its execution,
only so long as such continuance is specifi-
cally approved at least annually by the board
of directors or by vote of a majority of the
outstanding voting securities of such com-
pany;

(b) Written contract with company for sale by
principal underwriter of security of which
company is issuer; contents

It shall be unlawful for any principal under-
writer for a registered open-end company to offer for sale, sell, or deliver after sale any secu-

(c) Approval of contract to undertake service as
investment adviser or principal underwriter
by majority of noninterested directors

In addition to the requirements of subsections
(a) and (b) of this section, it shall be unlawful

$100,000; or

(3) provision is made in connection with and as a condition of the registration of such secur-
ities under the Securities Act of 1933 [15
U.S.C. 77a et seq.] which in the opinion of the
Commission adequately insures (A) that after
the effective date of such registration state-
ment such company will not issue any secur-
ity or receive any proceeds of any subscrip-
tion for any security until firm agreements
have been made with such company by not
more than twenty-five responsible persons
who will accept from it securities to be issued by it
for an aggregate net amount which plus the
then net worth of the company, if any, will
equal at least $100,000; (B) that said aggregate
net amount will be paid in to such company
before any subscriptions for such securities
will be accepted from any persons in excess of
twenty-five; (C) that arrangements will be
made whereby any proceeds so paid in, as well
as any sales load, will be refunded to any sub-
scriber on demand without any deduction, in
the event that the net proceeds so received by
the company do not result in the company
having a net worth of at least $100,000 within
ninety days after such registration statement
becomes effective.

At any time after the occurrence of the event
specified in clause (C) of paragraph (3) of this
subsection the Commission may issue a stop-
order suspending the effectiveness of the reg-
istration statement of such securities under the
Securities Act of 1933 [15 U.S.C. 77a et seq.] and
may suspend or revoke the registration of such
company under this subchapter.

§ 80a–15. Contracts of advisers and underwriters
(a) Written contract to serve or act as investment
adviser; contents

It shall be unlawful for any person to serve or
act as investment adviser of a registered invest-
ment company, except pursuant to a written
contract, which contract, whether with such
registered company or with an investment ad-
viser of such registered company, has been ap-
proved by the vote of a majority of the out-
standing voting securities of such registered
company, and—

(1) precisely describes all compensation to be
paid thereunder;

(2) shall continue in effect for a period more
than two years from the date of its execution,
only so long as such continuance is specifi-
cally approved at least annually by the board
of directors or by vote of a majority of the
outstanding voting securities of such com-
pany;

(3) provides, in substance, that it may be ter-
minted at any time, without the payment of
any penalty, by the board of directors of such
registered company or by vote of a majority of the
outstanding voting securities of such com-
pany on not more than sixty days’ written no-
tice to the investment adviser; and

(4) provides, in substance, for its automatic
termination in the event of its assignment.

(b) Written contract with company for sale by
principal underwriter of security of which
company is issuer; contents

It shall be unlawful for any principal under-
writer for a registered open-end company to offer for sale, sell, or deliver after sale any secu-

(c) Approval of contract to undertake service as
investment adviser or principal underwriter
by majority of noninterested directors

In addition to the requirements of subsections
(a) and (b) of this section, it shall be unlawful

(1) such company has a net worth of at least
$100,000;

(2) such company has previously made a pub-
lic offering of its securities, and at the time of
such offering had a net worth of at least
$100,000; or

(3) provision is made in connection with and as a condition of the registration of such secur-
ities under the Securities Act of 1933 [15
U.S.C. 77a et seq.] which in the opinion of the
Commission adequately insures (A) that after
the effective date of such registration state-
ment such company will not issue any secur-
ity or receive any proceeds of any subscrip-
tion for any security until firm agreements
have been made with such company by not
more than twenty-five responsible persons
who will purchase from it securities to be issued by it
for an aggregate net amount which plus the
then net worth of the company, if any, will
equal at least $100,000; (B) that said aggregate
net amount will be paid in to such company
before any subscriptions for such securities
will be accepted from any persons in excess of
twenty-five; (C) that arrangements will be
made whereby any proceeds so paid in, as well
as any sales load, will be refunded to any sub-
scriber on demand without any deduction, in
the event that the net proceeds so received by
the company do not result in the company
having a net worth of at least $100,000 within
ninety days after such registration statement
becomes effective.

At any time after the occurrence of the event
specified in clause (C) of paragraph (3) of this
subsection the Commission may issue a stop-
order suspending the effectiveness of the reg-
istration statement of such securities under the
Securities Act of 1933 [15 U.S.C. 77a et seq.] and
may suspend or revoke the registration of such
company under this subchapter.

(b) Written contract with company for sale by
principal underwriter of security of which
company is issuer; contents

It shall be unlawful for any principal under-
writer for a registered open-end company to offer for sale, sell, or deliver after sale any secu-

(c) Approval of contract to undertake service as
investment adviser or principal underwriter
by majority of noninterested directors

In addition to the requirements of subsections
(a) and (b) of this section, it shall be unlawful