

MEMORANDUM

November 20, 2019

TO: File No. S7-05-19

FROM: J. Matthew DeLesDernier
Division of Investment Management

RE: Amendments to Financial Disclosures About Acquired and Disposed
Businesses — Release No. IC-33465

On November 1, 2019, Brian McLaughlin Johnson, Assistant Director, Mark Uyeda, Senior Special Counsel, Jenson Wayne, Assistant Chief Accountant, and J. Matthew DeLesDernier, Senior Counsel of the Division of Investment Management had a telephone conversation with Gregory Smith, Senior Director of Fund Accounting and Compliance of the Investment Company Institute.

The participants discussed the requirement to file financial statements under proposed rule 6-11 of Regulation S-X and the proposed amendments to Form N-14. Mr. Wayne noted that under rule 3-18, fund financial statements included in an annual report typically cover the most recent fiscal year, except for the audited statement of changes in net assets, which covers the two most recent fiscal years. The staff inquired of Mr. Smith as to how fund registrants may have interpreted the proposed financial statement filing requirements. Mr. Smith indicated that for prior financial statements filed on EDGAR by registered investment companies that included more than one fiscal year of information, it would require additional work to separate out a single year's financial information for the statement of changes in net assets. He indicated that most investment company issuers would find it less burdensome to simply incorporate by reference the previously filed financial statements. Mr. Smith also observed that as most fund mergers filed on Form N-14 occur within the same fund complex, outside auditors tend to be already familiar with the financial controls and audit environment.