

Pub. L. 100-181, §616(2), (3), redesignated par. (3) as (2) and substituted "section 78s(c)" for "section 78o-3(k)(2)", redesignated par. (4) as (3), and struck out former par. (2) which read as follows: "At any time after the expiration of eighteen months from December 14, 1970, or after a securities association has adopted rules as contemplated by this subsection, the Commission may make such rules and regulations pursuant to section 78o(b)(10) of this title as are appropriate to effectuate the purpose of this subsection with respect to sales of shares of a registered investment company by broker-dealers subject to regulation under section 78o(b)(8) of this title: *Provided*, That the underwriter of such shares may file with the Commission at any time a notice of election to comply with the rules prescribed pursuant to this subsection by a national securities association specified in such notice, and thereafter the sales load shall not exceed that prescribed by such rules of such association, and the rules of the Commission as hereinabove authorized shall thereafter be inapplicable to such sales."

Subsec. (e). Pub. L. 100-181, §616(4), (5), in introductory provisions, substituted "redemption, or postpone" for "redemption or postpone" and "redemption, except" for "redemption except", and, in closing provisions, struck out "Any company which, as of March 15, 1940, was required by provision of its charter, certificate of incorporation, articles of association, or trust indenture, or of a bylaw or regulation duly adopted thereunder, to postpone the date of payment or satisfaction upon redemption of redeemable securities issued by it, shall be exempt from the requirements of this subsection; but such exemption shall terminate upon the expiration of one year from the effective date of this subchapter, or upon the repeal or amendment of such provision, or upon the sale by such company after March 15, 1940, of any security (other than short-term paper) of which it is the issuer, whichever first occurs."

1970—Subsec. (b). Pub. L. 91-547, §12(a), designated existing provisions as par. (1), inserted "notwithstanding the provisions of subsection (b)(8) thereof but", and "other" in phrase "all other provisions", substituted exclusion of "excessive sales load" for "unconscionable or grossly excessive sales load", provided for allowance for reasonable compensation for sales personnel, broker-dealers, and underwriters, and for reasonable sales loads to investors, and for grant by Commission of appropriate qualified exemptions from provisions of this section where on application or otherwise it appears that smaller companies are subject to relatively higher operating costs, and added pars. (2) to (4).

Subsec. (c). Pub. L. 91-547, §12(b), provided for application of rules and regulations to registered investment companies, struck out introductory phrase "After one year from the effective date of this chapter", "registered" before "securities association" where first appearing, and substituted "prescribed in subsection (a) of this section" for "prescribed in subsections (a) and (b) of this section" and ". Any rules and regulations" for "; and any rules and regulations".

Subsec. (d). Pub. L. 91-547, §12(c), substituted "public offering price described in the prospectus. Nothing in this subsection" for "public offering price described in the prospectus: *Provided, however*, That nothing in this subsection" and struck out "clause (1) or (2) of" before "section 80a-11(b) of this title".

EFFECTIVE DATE OF 1970 AMENDMENT

Amendment by Pub. L. 91-547 effective Dec. 14, 1970, see section 30 of Pub. L. 91-547, set out as a note under section 80a-52 of this title.

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 1950, §§1, 2, eff. May 24, 1950, 15 F.R. 3175, 64 Stat. 1265, set out under section 78d of this title.

§ 80a-23. Closed-end companies

(a) Issuance of securities

No registered closed-end company shall issue any of its securities (1) for services; or (2) for property other than cash or securities (including securities of which such registered company is the issuer), except as a dividend or distribution to its security holders or in connection with a reorganization.

(b) Sale of common stock at price below current net asset value

No registered closed-end company shall sell any common stock of which it is the issuer at a price below the current net asset value of such stock, exclusive of any distributing commission or discount (which net asset value shall be determined as of a time within forty-eight hours, excluding Sundays and holidays, next preceding the time of such determination), except (1) in connection with an offering to the holders of one or more classes of its capital stock; (2) with the consent of a majority of its common stockholders; (3) upon conversion of a convertible security in accordance with its terms; (4) upon the exercise of any warrant outstanding on August 22, 1940, or issued in accordance with the provisions of section 80a-18(d) of this title; or (5) under such other circumstances as the Commission may permit by rules and regulations or orders for the protection of investors.

(c) Purchase of securities of which it is issuer; exceptions

No registered closed-end company shall purchase any securities of any class of which it is the issuer except—

(1) on a securities exchange or such other open market as the Commission may designate by rules and regulations or orders: *Provided*, That if such securities are stock, such registered company shall, within the preceding six months, have informed stockholders of its intention to purchase stock of such class by letter or report addressed to stockholders of such class; or

(2) pursuant to tenders, after reasonable opportunity to submit tenders given to all holders of securities of the class to be purchased; or

(3) under such other circumstances as the Commission may permit by rules and regulations or orders for the protection of investors in order to insure that such purchases are made in a manner or on a basis which does not unfairly discriminate against any holders of the class or classes of securities to be purchased.

(Aug. 22, 1940, ch. 686, title I, §23, 54 Stat. 825.)

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§ 80a-24. Registration of securities under Securities Act of 1933

(a) Registration statement; contents

In registering under the Securities Act of 1933 [15 U.S.C. 77a et seq.], any security of which it