(1) The commission, fee, or other re-
muneration is paid in connection with
the sale of securities to or by an ac-
quiring fund;
(2) The broker and the acquiring fund
are affiliated persons because each is
an affiliated person of the same money
market fund; and
(3) The acquiring fund is an affiliated
person of the money market fund sole-
ly because the acquiring fund owns,
controls, or holds with power to vote
five percent or more of the outstanding
securities of the money market fund.

(d) Definitions. (1) Investment company
includes a company that would be an
investment company under section 3(a)
of the Act (15 U.S.C. 80a–3(a)) but for
the exceptions to that definition pro-
vided for in sections 3(c)(1) and 3(c)(7)
of the Act (15 U.S.C. 80a–3(c)(1) and 80a–
3(c)(7)).
(2) Money market fund
means:
(i) An open-end management invest-
ment company registered under the
Act that is regulated as a money mar-
ket fund under § 270.2a–7; or
(ii) A company that would be an in-
vestment company under section 3(a)
of the Act (15 U.S.C. 80a–3(a)) but for
the exceptions to that definition pro-
vided for in sections 3(c)(1) and 3(c)(7)
of the Act (15 U.S.C. 80a–3(c)(1) and 80a–
3(c)(7)) and that:
(A) Is limited to investing in the
types of securities and other invest-
ments in which a money market fund
may invest under § 270.2a–7; and
(B) Undertakes to comply with all
the other requirements of § 270.2a–7, ex-
cept that, if the company has no board
of directors, the company’s investment
adviser performs the duties of the
board of directors.

§ 270.12d1–2 Exemptions for invest-
ment companies relying on section
12(d)(1)(F) of the Act.

(a) Exemption from sales charge limits.
A registered investment company
(‘‘acquiring fund’’) that relies on sec-
80a–12(d)(1)(F)) to acquire securities
issued by an investment company
(‘‘acquired fund’’) may offer or sell any
security it issues through a principal
underwriter or otherwise at a public of-
fering price that includes a sales load
of more than 1½ percent if any sales
charges and service fees charged with
respect to the acquiring fund’s securi-
ties do not exceed the limits set forth
in rule 2830 of the Conduct Rules of the
NASD applicable to a fund of funds.

(b) Definitions. For purposes of this
section, the terms fund of funds, sales
charge, and service fee have the same
meanings as in rule 2830(b) of the Con-
duct Rules of the NASD.

§ 270.12d1–3 Exemptions for invest-
ment companies relying on section

(a) Exemption to acquire other securi-
ties. Notwithstanding section
80a–12(d)(2)(G)(i)(II)), a registered open-
end investment company or a reg-
istered unit investment trust that re-
lies on section 12(d)(1)(G) of the Act (15
U.S.C. 80a–12(d)(1)(G)) to acquire securi-
ties issued by another registered invest-
ment company that is in the same
group of investment companies may
acquire, in addition to Government se-
curities and short-term paper:
(1) Securities issued by an invest-
ment company, other than securities
issued by another registered invest-
ment company that is in the same

§ 270.12d2–1

§ 270.12d2–1 Definition of insurance
company for purposes of sections
12(d)(2) and 12(g) of the Act.

For purposes of sections 12(d)(2) and
12(g) of the Act (15 U.S.C. 80a–12(d)(2)
and 80a–12(g)), insurance company shall
include a foreign insurance company as
that term is used in rule 3a–6 under the
Act (17 CFR 270.3a–6).

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