



November 29, 2019

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: Amendments to Procedures With Respect to Applications Under the Investment Company Act of 1940 (File No. S7-19-19)

Dear Ms. Countryman:

The Small Business Investor Alliance (SBIA) is a national association that develops, supports, and advocates for policies that benefit investment funds that finance small and mid-size domestic businesses in the middle market and lower middle market, as well as the investors that provide capital to these funds. We appreciated this opportunity to comment on the Securities and Exchange Commission's ("SEC" or "Commission") recent proposal regarding applications for exemptions under the Investment Company Act of 1940 ("Proposal").

SBIA commends the SEC for issuing the Proposal, which will provide a measure of transparency and certainty to a process that investment companies rely on to meet customer and market demands. As the Commission notes in the Proposal, the "applications process...has been a significant and valuable tool in the evolution of the investment management industry, and sometime in the origin of new rules under the [Investment Company Act]." However, the review process for applications can include multiple rounds of SEC review often delaying the launch of new products.

In response to concerns raised over this process, the SEC in the past has established its own internal guidelines for the review of applications. In 2008, SEC staff in the Division of Investment Management ("Division") established a target to provide initial comments on 80% of applications within 120 days of being submitted, and by 2010 the Division was meeting this goal for 100% of applications. Since June 1, 2019, the SEC has shortened this targeted review period to 90 days.¹ While these were welcome actions by the SEC and should be applauded, they are not yet codified through a formal rulemaking.

¹ Proposal at 90 days

The Proposal would establish review timelines for two different categories of applications: “routine” applications that are substantially similar to at least two other applications that have recently been granted exemptive relief, and “novel” applications that raise new questions of law or policy. The SEC would generally be required to provide initial comments on routine applications within 45 days. If the Commission requests that an amendment be made to a routine application, the 45-day clock would pause and not resume until 14 days after such an amendment was filed. For novel applications, the Proposal borrows from current SEC internal guidelines and require a response within 90 days (with the ability of staff to grant 90-day extensions thereafter).

Overall, the SBIA believes the Proposal establishes reasonable timelines and will provide investment companies with a degree of certainty as to when an exemptive application may be acted upon. More importantly, codifying such timelines through a formal rulemaking will establish them as part of the regulatory process and not leave market participants guessing as to the latest informal staff guidelines from the SEC.

We appreciate the work of the SEC in putting forth the Proposal and look forward to working with the commissioners and staff as the rulemaking process moves forward.

Sincerely,



Brett Palmer
President