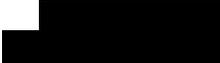


Kauff Laton Miller LLP

950 Third Avenue, 15th Floor
New York, NY 10022

Scott D. Laton


Via Electronic Submission

May 13, 2019

Vanessa Countryman, Acting Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Fund of Funds Arrangements (File No. S7-27-18)

Dear Ms. Countryman:

We appreciate the opportunity to provide comments in response to a request for comment by the Securities and Exchange Commission (the “Commission”) in proposing Rule 12d1-4 (the “Proposed Rule” or “12d1-4”) under the Investment Company Act of 1940 (the “1940 Act”), governing the operation of fund of fund arrangements.¹ Generally, we support and commend the Commission's efforts to streamline and enhance the regulatory framework applicable to fund of fund arrangements. In particular, as discussed more fully below, we strongly support (1) the exclusion of funds that rely on section 3(c)(1) or 3(c)(7) of the 1940 Act (“Unregistered Funds”) from the Proposed Rule’s scope of acquiring funds, and (2) the disclosure of acquired fund fees and expenses (“AFFE”) in the prospectus fee table of the acquiring funds.

The Exclusion of Unregistered Funds from the Scope of Acquiring Funds

We believe it is appropriate for the Commission to exclude Unregistered Funds from the scope of acquiring funds in the Proposed Rule, and strongly support that aspect of the Proposed Rule. We note that, to date, no Commission exemptive orders have permitted Unregistered Funds to invest in registered funds beyond the three percent limit in section 12(d)(1)(A)(i).² Consequently, unlike the “decades of experience” the Commission has with registered funds as acquiring funds in a fund of funds arrangement, the Commission has no similar experience with Unregistered Funds investing in registered funds beyond the three percent limit. Thus, we believe that it would be imprudent to include Unregistered Funds in the comprehensive exemption provided by the Proposed Rule. Instead, in full agreement with the Commission,³ we believe it would be more appropriate for the Commission to provide relief to Unregistered Funds through the exemptive application process, where the Commission can weigh the specific facts and circumstances of each particular applicant, and the type of underlying fund in the proposed fund of funds arrangement.

¹ *Fund of Funds Arrangements*, Investment Company Act Release Number 33329, 84 Fed. Reg. 1286 (December 19, 2018) (the “Proposal”). The Proposal supersedes a 2008 rule proposal to permit registered funds to invest in exchange traded funds beyond the section 12(d)(1) limits. *Exchange Traded Funds*, Investment Company Act Rel. No. 28193, 73 Fed. Reg. 14618 (March 11, 2008)(the “2008 Proposal”).

² See the Proposal at 20, n. 50.

³ See the Proposal at 20.

Disclosure of AFFE

We strongly support the disclosure of AFFE in each acquiring fund's prospectus fee table. We believe that the disclosure of AFFE in the fee table provides investors with the necessary information to understand the potential layering of fees in a fund of funds arrangement. By including the AFFE in the fee table, investors are able to clearly see, in tabular format, the fees directly associated with the acquiring fund and the fees of the underlying funds in which it invests. Further, by including AFFE in the fee table, and consistent with the original intent of the fee table,⁴ investors are better able to compare fund expenses among funds.

Conclusion

We appreciate the opportunity to provide, and respectfully request that the Commission consider, the comments set forth above. Specifically, we request that Private Funds continue to be excluded from the Proposed Rule's scope of acquiring funds, and that acquiring funds continue to be required to disclose AFFE in the prospectus fee table. If you would like to discuss any of the comments in further detail or if you have any questions, please feel free to contact the undersigned.

Sincerely,

/s/

Scott D. Laton

cc: The Honorable Jay Clayton
The Honorable Robert J. Jackson Jr.
The Honorable Hester M. Peirce
The Honorable Elad L. Roisman

Dalia Blass, Director,
Division of Investment Management

⁴ Consolidated Disclosure of Mutual Fund Expenses, Investment Company Act Release Number 15932, 52 Fed. Reg. 32018 (August 25, 1987) ("The fee table was intended to present fund investors with expense disclosure that could be understood easily and would facilitate comparison of expenses among funds").