HOULIHAN CAPITAL

Valuation & Financial Advisory | Investment Banking | Litigation Support

SEC Grants No-Action Relief For The Sale of Debt Securities to Affiliates

On March 26, 2020, the SEC granted no-action relief to help open-end registered investment companies enhance liquidity and fund shareholder redemptions in light of significant securities market disruptions related to COVID-19. The relief broadly allows any Fund holding debt securities, under Rule 17a-9 as slightly modified, to be purchased by any affiliated person of the fund (as defined). As such, Funds will have greater flexibility to liquidate positions in debt securities and raise cash during this temporary period.

Included in the conditions of relief is the requirement that the price of the purchased debt security be its fair market value under Section 2(a)(41) of the 1940 Act, provided that this price is not materially different from the fair market value of the security indicated by a reliable third-party pricing service. For additional information on the sale of debt securities to affiliates, please click here.

Houlihan Capital has extensive experience in providing independent, third-party, valuation and transaction opinions (fairness and solvency) for fund managers involving debt and complex securities. We are SOC-compliant, demonstrating our commitment to the highest quality industry standards.

If Houlihan Capital can be of help in the sale of your debt securities, please contact:

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