

SPECIAL OPPORTUNITIES FUND, INC.  
Form 40-APP  
December 23, 2013

As filed with the U.S. Securities and Exchange Commission on December 23, 2013.

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

APPLICATION FOR AN ORDER PURSUANT TO SECTION 12(d)(1)(J) OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "ACT"), GRANTING AN EXEMPTION FROM SECTION 12(d)(1)(A) AND SECTION 12(d)(1)(C) THEREOF, PURSUANT TO SECTION 17(b) OF THE ACT GRANTING AN EXEMPTION FROM SECTION 17(a) THEREOF, AND PURSUANT TO SECTION 17(d) OF THE ACT AND RULE 17d-1 THEREUNDER, PERMITTING CERTAIN JOINT TRANSACTIONS

(File No. \_\_\_\_-\_\_\_\_)

SPECIAL OPPORTUNITIES FUND, INC.  
SPECIAL OPPORTUNITIES GLOBAL FUND, INC.

615 EAST MICHIGAN STREET, 2ND FLOOR  
MILWAUKEE, WISCONSIN 53202

BULLDOG INVESTORS, LLC

PARK 80 WEST, PLAZA TWO, 250 PEHLE AVENUE, SUITE 708  
SADDLE BROOK, NJ 07663

Communications, Notice and Order to:

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UNITED STATES OF AMERICA  
BEFORE THE  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

In the Matter of the Application of )  
SPECIAL OPPORTUNITIES FUND, INC., )  
SPECIAL OPPORTUNITIES GLOBAL FUND, )  
INC. )  
AND BULLDOG INVESTORS, LLC )  
C/O BULLDOG INVESTORS, LLC )  
PARK 80 WEST, PLAZA TWO, )  
250 PEHLE AVENUE, SUITE 708 )  
SADDLE BROOK, NJ 07663 )  
1-877-607-0414 )  
File No. \_\_\_\_-\_\_\_\_\_ )

APPLICATION FOR AN ORDER PURSUANT TO SECTION 12(d)(1)(J) OF THE ACT, GRANTING AN EXEMPTION FROM SECTION 12(d)(1)(A) AND SECTION 12(d)(1)(C) THEREOF, PURSUANT TO SECTION 17(b) OF THE ACT GRANTING AN EXEMPTION FROM SECTION 17(a) THEREOF, AND PURSUANT TO SECTION 17(d) OF THE ACT AND RULE 17d-1 THEREUNDER, PERMITTING CERTAIN JOINT TRANSACTIONS

Special Opportunities Fund, Inc. (“SPE”), a Maryland corporation that is a registered closed-end diversified management investment company listed on the New York Stock Exchange (the “NYSE”), Special Opportunities Global Fund, Inc. (“SPE Global”), a Maryland corporation that is a registered closed-end diversified management investment company, and Bulldog Investors, LLC, a Delaware limited liability company that is a registered investment adviser (the “Adviser” or sometimes referred to as “Bulldog Investors”, and together with SPE and SPE Global, the “Applicants”) and serves as the investment adviser to SPE and SPE Global, hereby submit this application for an order of the Securities and Exchange Commission (the “Commission”), (i) pursuant to Section 12(d)(1)(J) of the Investment Company Act of 1940, as amended (the “1940 Act”), granting an exemption from Section 12(d)(1)(A) and Section 12(d)(1)(C) thereof, (ii) pursuant to Section 17(b) of the 1940 Act, granting an exemption from Section 17(a) thereof, and (iii) pursuant to Section 17(d) of the 1940 Act and Rule 17d-1

thereunder, approving certain transactions, to permit (a) the contribution of certain of SPE's assets (which are anticipated to consist largely of securities of U.S. closed-end investment companies that invest in private and public companies located outside the U.S., non-U.S. investment companies and other private and public companies located within and outside the U.S. and cash) (the "Holdings")) having a value of approximately \$[14] million (approximately 10% of SPE's net assets as of December 31, 2013) , to a newly-organized, diversified closed-end management investment company, SPE Global, formed on November 5, 2013 and wholly-owned by SPE, and (b) the subsequent distribution by SPE of all of the shares of common stock of SPE Global ("SPE Global Common Stock") to SPE's common stockholders at an approximate rate of one (1) share of SPE Global Common Stock for every four (4) shares held of SPE common stock ("SPE Common Stock"). The contribution of such SPE assets to SPE Global and the subsequent distribution of SPE Global's shares to SPE common stockholders are referred to herein as the "Transaction."

## I. DESCRIPTION OF APPLICANTS

### A. SPE

SPE is a Maryland corporation that is registered under the Act as a closed-end, diversified management investment company. SPE's board of directors (the "SPE Board") currently consists of six members. Three SPE Board members are directors who are not "interested persons" as defined by Section 2(a)(19) of the 1940 Act (the "Independent Directors"). One SPE Board member is an "interested person" of SPE by virtue of his being an officer of SPE, but is not an interested person of the Adviser. The remaining two SPE Board members are "interested persons" of SPE because of their affiliation with the Adviser and their positions as officers of SPE.

SPE's investment objective is total return. SPE seeks to achieve its investment objective by investing primarily in other U.S. closed-end investment companies and the securities of large, mid and small-capitalization companies, including direct and indirect investments in the securities of foreign companies that the Adviser believes have opportunities for appreciation. SPE may employ strategies designed to capture price movements generated by anticipated corporate events such as investing in companies involved in special situations, including, but not limited to, mergers, acquisitions, asset sales, spin-offs, balance sheet restructuring, bankruptcy, liquidations, self-tender offers, and converting from a closed-end to an open-end management investment company.

### B. SPE Global

SPE Global was incorporated in Maryland on November 5, 2013 and filed a notification of registration on Form N-8A on December 17, 2013 to register under the Act as a closed-end diversified management investment company. SPE Global intends to file a registration statement under the Securities Act of 1933 (the "1933 Act") on Form N-14 shortly after the date hereof ("Proxy Statement/Prospectus") and, following approval of the Transaction by the SPE stockholders, intends to file a registration statement on Form N-2 for a rights offering to issue to holders of shares of SPE Global additional shares of SPE Global at a price to be determined at a later date.

Like SPE, SPE Global's investment objective is total return. SPE Global seeks to achieve its investment objective through capital appreciation and current income. Under normal market circumstances and in the ordinary course, SPE Global intends to invest at least 80% of its net assets in securities of U.S. closed-end investment companies that invest in private and public companies located outside the U.S., non-U.S. investment companies and other private and public companies located within and outside the U.S. From time to time, a substantial portion of SPE Global's assets may be invested in companies located in a single country. To the extent deemed appropriate by its investment adviser, SPE Global may also invest its net assets in U.S. and non-U.S. non-convertible debt.

SPE Global will invest its assets primarily in U.S. and non-U.S. securities that Bulldog Investors believes have opportunities for appreciation. Securities in which SPE Global may invest include common and preferred stocks, convertible securities, warrants and other securities having the characteristics of common stocks, such as ADRs and IDRs, other closed-end investment companies and ETFs. SPE Global may, however, invest a portion of its assets in debt securities or other investment opportunities when SPE Global's investment adviser believes that it is appropriate to do so to earn current income. For example, when interest rates are high in comparison to anticipated returns on equity investments, SPE Global's investment adviser may determine to invest in debt securities. Debt securities in which SPE Global may invest include bank, corporate or government bonds, notes, and debentures that SPE Global's investment adviser determines are suitable investments for SPE Global. Such determination may be made regardless of the maturity, duration or rating of any such debt security.

The Articles of Incorporation of SPE Global authorize SPE Global to issue 200,000,000 shares of common stock, with a par value of \$0.001 per share. Prior to the effectiveness of the Proxy Statement/Prospectus under the 1933 Act, SPE will purchase approximately 1,765,000 shares of SPE Global's shares of common stock, par value \$0.001, in consideration of SPE's contribution to SPE Global of at least \$100,000 initial net asset value (the "Seed Capital Shares"), in order to satisfy the requirements of Section 14(a) of the 1940 Act. SPE will represent that the Seed Capital Shares will be sold only pursuant to a registration statement under the 1933 Act or an applicable exemption therefrom. It is intended that the Seed Capital Shares will be included in the distribution of SPE Global's shares of common stock to the common stockholders of SPE.

All of the principal officers of SPE hold the same offices with SPE Global. All of the six directors on the SPE Board are directors of the six-member board of directors of SPE Global (the "SPE Global Board"). Three of the six directors, or 50%, of the SPE Board and SPE Global Board are Independent Directors. The initial directors of the SPE Global Board shall serve in such capacity until such time as their successors are duly elected at a stockholder meeting.

The SPE Board currently consists of six directors elected by the holders of SPE stock. Two of the current directors were elected by the holders of SPE's issued and outstanding shares of 3.00% convertible preferred stock, Series A, par value \$0.001 per share ("SPE Preferred Stock"). Currently, SPE Global does not intend to issue preferred stock; therefore all six directors will be elected by the holders of SPE Global Common Stock. Vacancies on the SPE Global Board for one or more of the classified positions may be filled by the affirmative vote of a majority of the remaining directors, even if the remaining directors do not constitute a quorum,

for the balance of the term of the class. In addition, the bylaws of each of SPE and SPE Global permit stockholders to call a special meeting of stockholders only if certain procedural requirements are met and the request is made by stockholders of record entitled to cast at least a majority of the votes entitled to be cast at such a meeting. These provisions may have the effect of maintaining the continuity of management and thus may make it more difficult for the Fund's stockholders to change the majority of directors. As previously noted, the initial directors of the SPE Global Board will be the same directors that currently serve on the SPE Board, and will serve as directors until their successors are duly elected at a stockholder meeting.

C.

The Adviser

Bulldog Investors, a Delaware limited liability company, is a registered investment adviser under the Investment Advisers Act of 1940, as amended. Bulldog Investors is the "investment adviser" for SPE and SPE Global within the meaning of Section 2(a)(2) of the Act, and serves as such pursuant to an investment advisory agreement between Bulldog Investors and SPE and SPE Global (the "SPE Investment Advisory Agreement" and the "SPE Global Investment Advisory Agreement," respectively, and collectively, the "Investment Advisory Agreements"). As SPE's investment adviser, Bulldog Investors is responsible for administering the day-to-day investing of SPE. Bulldog Investors' activities are subject to the Board's oversight. Bulldog Investors is entitled, under the terms of the Investment Advisory Agreement with SPE, to a monthly fee for the previous month at an annual rate of 1.00% of SPE's average weekly total assets, including any assets attributable to leverage, for the investment management and research services provided. The advisory fee structure for SPE Global will be different from SPE. SPE Global will pay Bulldog Investors an advisory fee consisting of a monthly fee at an annual rate of 1.25% of the value of SPE Global's average weekly total assets, including any assets attributable to leverage, for the investment management and research services provided.

Bulldog Investors (formerly known as Brooklyn Capital Management, LLC) was formed in August 2009 and its principals have extensive experience investing in the securities of closed-end investment companies with opportunities for appreciation, including funds that trade at a market price discount from their net asset value. Bulldog Investors utilizes a balanced approach, including "value" and "growth" investing by seeking out companies at reasonable prices, without regard to sector or industry, which demonstrate favorable long-term growth characteristics.

## II. THE TRANSACTION

SPE's Board determined that direct and indirect investments in foreign securities could provide attractive opportunities for capital growth as well as the benefits of non-U.S. geographic diversification for SPE's stockholders. The Board determined that the Transaction will provide SPE's common stockholders with a new closed-end fund that is able to invest a greater percentage of its assets directly and indirectly in foreign securities than SPE currently can in order to take advantage of these potential opportunities.

To enable SPE's common stockholders to participate more directly in these opportunities, the Board has approved, subject to the issuance of the exemptive relief sought hereby and subsequent to stockholder approval, the contribution of a segment of SPE's assets having a value of approximately \$[14] million to SPE Global, in exchange for shares of common stock of SPE

Global. It is anticipated that the contributed assets will consist largely of securities of U.S. closed-end investment companies that invest in private and public companies located outside the U.S., non-U.S. investment companies and other private and public companies located within and outside the U.S. and cash. Any Holdings contributed to SPE Global will be consistent with SPE Global's investment goal, policies and restrictions. All the shares of common stock of SPE Global will then be distributed by SPE to its common stockholders. Each of SPE's common stockholders would receive one share of SPE Global for the number of whole shares of common stock of SPE owned on the Distribution Record Date (as defined below) that will produce a total distribution of approximately \$[14] million. Based on the net asset value ("NAV") of SPE as of December 31, 2013, a contribution of assets with a value of approximately \$[14] million would result in a distribution of one (1) share of SPE Global Common Stock for every four (4) shares of SPE Common Stock.

No fractional shares of SPE Global Common Stock will be issued as part of the distribution. The fractional shares to which holders of SPE Common Stock would otherwise be entitled will be aggregated and an attempt to sell them in the open market will be made at then-prevailing prices on behalf of such holders, and such holders will receive instead a cash payment in the amount of their pro rata share of the total sales proceeds. The shares may be sold by the distribution agent, American Stock Transfer & Trust Company, at a discount or a premium to net asset value; therefore, a stockholder may receive less or more than the net asset value for any such fractional shares. Thus, assuming a distribution ratio of an approximate rate of one (1) share of SPE Global Common Stock for every four (4) shares held of SPE Common Stock, a person who holds a number of shares of SPE Common Stock that is not an even multiple of four (4) will receive the appropriate number of shares of SPE Global Common Stock and a check for his or her pro rata share of the proceeds from sales of fractional share interests. A holder of fewer than four (4) shares of SPE Common Stock will receive no shares of SPE Global Common Stock in the distribution but will be entitled only to his or her pro rata share of the proceeds from sales of fractional share interests.

Unless SPE's preferred stockholders elect to convert their shares of SPE Preferred Stock into shares of SPE Common Stock prior to the Distribution Record Date (as defined below), the preferred stockholders will not receive any shares of SPE Global in connection with the Transaction.

Although the Applicants do not necessarily believe it to be the case, it is possible that SPE's activities in the Transaction may be deemed to be underwriting shares of SPE Global's common stock. SPE has a fundamental investment restriction stating that it will not "engage in the business of underwriting securities of other issuers, except to the extent that the Fund might be considered an underwriter under the federal securities laws in connection with its disposition of portfolio securities," (the "Restriction"). Accordingly, SPE's activities in the Transaction may be deemed to be in violation of the Restriction.

SPE's fundamental investment restrictions, including the Restriction, cannot be changed without the affirmative vote of the holders of a majority of SPE's outstanding voting securities<sup>1</sup> which means that the Restriction may not be changed without approvals of the holders of a majority of SPE's outstanding shares of common stock. Pursuant to the Proxy Statement/Prospectus, SPE will seek shareholder approval to amend the Restriction to state that SPE may not: "Underwrite the securities of other issuers, except insofar as SPE may be deemed an underwriter under the Securities Act of 1933, as amended, in selling portfolio securities and in connection with mergers, acquisitions, spin-off transactions and other reorganization transactions involving SPE." The Applicants will not rely on the order requested in this Application until the amendment to the Restriction is approved by the affirmative vote of the holders of a majority of SPE's outstanding voting securities, as described above.

Stockholder approval of the Transaction will be sought at the annual meeting of SPE stockholders anticipated to be held in March 2014. The Transaction will not be effected unless and until the Commission issues an order granting the requested relief. The Proxy Statement/Prospectus seeking stockholder approval of the Transaction is expected to be sent to each stockholder in January 2014.

The Transaction will provide an opportunity, through SPE Global, for SPE's common stockholders to gain greater exposure to capital appreciation opportunities presented by foreign securities than are currently available in SPE as currently structured. As a result, SPE Global over time may be expected to experience different investment results from SPE.

SPE Global is being registered under the 1940 Act as a diversified, closed-end investment company, and Bulldog Investors, the investment adviser to SPE, will also serve as investment adviser to SPE Global. The advisory fee structure for SPE Global will be different from that of SPE. SPE pays Bulldog Investors an advisory fee consisting of a monthly fee at an annual rate of 1.00% of the value of SPE's average weekly total assets, including any assets attributable to leverage, for the investment management and research services provided. SPE Global will pay Bulldog Investors an advisory fee consisting of a monthly fee at an annual rate of 1.25% of the value of SPE Global's average weekly total assets, including any assets attributable to leverage, for the investment management and research services provided. Contributing to a potentially higher advisory fee for SPE Global is SPE Global's focus on non-U.S. securities, which is expected to be more labor intensive and time consuming than providing investment advisory services to a fund that invests primarily in U.S. securities.

It is expected that the SPE Global Common Stock will be listed on the NYSE under the symbol "[ ]" following a rights offering to be conducted shortly after the Transaction is consummated. To the extent such rights offering does not satisfy the minimum listing requirements of the NYSE, the SPE Global Board will consider other listing alternatives. The SPE Board is expected to declare a distribution (the "Distribution") of all the outstanding SPE Global Common Stock payable to the holders of record of SPE Common Stock as of the close of

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<sup>1</sup> Defined for this purpose and under Section 2(a)(42) of the 1940 Act as the lesser of (i) 67% or more of the relevant shares of capital stock of SPE present or represented at a meeting of stockholders, at which the holders of more than 50% of the outstanding relevant shares of capital stock are present or represented, or (ii) more than 50% of the outstanding relevant shares of capital stock of SPE.



business on a date (the “Distribution Record Date”) to be determined, together with the payable date for the Distribution, by the SPE Board promptly following stockholder approval of the Transaction. The investment goal and policies and other matters relating to SPE Global’s structure are further described in Section I.B hereof.

The SPE Board believes that the Transaction will result in the following benefits to SPE common stockholders:

1. The common stockholders will receive shares of an investment company with a different risk-return profile from SPE, thereby providing common stockholders with the following alternatives: (a) retaining their shares in both SPE and SPE Global; (b) selling their SPE Global shares and retaining their SPE shares; or (c) selling their SPE shares and retaining their SPE Global shares. As a consequence, SPE’s common stockholders may more closely align their investment portfolio with their desired exposure to different segments of the equity market. If a stockholder sells his or her shares of either SPE Common Stock or SPE Global Common Stock, the stockholder can be expected to incur brokerage commissions and such sale may constitute a taxable event for the stockholder.
2. SPE Global Common Stock will be issued at a much lower transaction cost to investors than is typically the case for a newly-organized closed-end equity fund since there will be no underwriting discounts or commissions. The Transaction will not result in an increase in the aggregate net assets of SPE and SPE Global. Notwithstanding the foregoing, the costs of organizing SPE Global and effecting the Transaction, including the fees and expenses of counsel and accountants and printing, listing and registration fees, will be borne by SPE.
3. As a globally diversified fund, SPE Global will afford common stockholders the opportunity to seek the capital growth opportunities presented by closed-end investment funds that invest in foreign companies and other foreign securities exposure. Under normal market circumstances and in the ordinary course, SPE Global intends to invest at least 80% of its net assets in securities of U.S. closed-end investment companies that invest in private and public companies located outside the U.S., non-U.S. investment companies and other private and public companies located within and outside the U.S. Of course, as a consequence of its global diversification policy, SPE Global’s investments may be subject to a variety of significant risks, such as that many foreign governments do not regulate stock exchanges to the same extent as does the United States government, foreign currency fluctuations could impact the value of assets, and clearance procedures may result in delayed payment when assets are sold.

The SPE Board determined not to change the non-fundamental investment restrictions of SPE in a manner that would transform SPE into a global fund because, in their view, many SPE investors likely wish to retain their investment in a closed-end fund that invests primarily in U.S. closed-end investment funds and U.S. securities.

The SPE Board believes that the benefits of the Transaction outlined above outweigh the costs of the Transaction.

The Board of SPE Global, including the Independent Directors, in determining the advisory fee for SPE Global, considered fee structures for similar closed-end investment management companies. They also noted that SPE Global is able to invest a greater percentage of its assets directly and indirectly in foreign securities than SPE currently can. Additionally, the Board, including the Independent Directors, noted that providing investment advisory services to SPE Global, which will focus on investing in non-U.S. securities, is expected to be considerably more labor intensive and time consuming than providing investment advisory services to closed-end funds that invest primarily in U.S. securities.

Shortly before the date of the Transaction, the Adviser will review with the Boards of SPE Global and SPE, including the Independent Directors, the securities, if any, it recommends contributing in the Transaction, the methodology used by the Adviser in selecting the securities to be contributed to SPE Global and those to be retained by SPE, the cost basis and current fair market value of each security to be contributed, the aggregate amount of securities to be contributed and the percentage of SPE's entire portfolio and of its foreign securities that the securities to be contributed constitute, and the percentage of SPE Global's portfolio that the securities will constitute. The Adviser also will review with the Boards, including the Independent Directors, and the Boards will consider, the potential impact, if any, of the contribution of the selected securities on the aggregate management fee in respect of SPE and SPE Global to be paid to the Adviser. The Boards of SPE Global and SPE, including a majority of the Independent Directors will approve the contribution of the securities by SPE to SPE Global, including the methodology for selecting securities to be contributed, and the deliberations of the Boards in this regard will be set forth in the minutes of each of SPE and SPE Global.

In selecting securities to be contributed to SPE Global in the Transaction, the Adviser will select only securities that are consistent with SPE Global's investment objectives, policies and restrictions. Consequently, it is anticipated that the securities contributed in the Transaction will consist largely of securities of U.S. closed-end investment companies that invest in private and public companies located outside the U.S., non-U.S. investment companies and other private and public companies located within and outside the U.S. and cash. The Adviser, in selecting securities to be contributed to SPE Global, will, in the exercise of its fiduciary responsibilities, act in a manner it believes to be in the best interests of both SPE and SPE Global.

SPE Global has been advised by counsel that the distribution of shares of SPE Global to the common stockholders of SPE may be a taxable event for SPE stockholders to some extent and a taxable event for SPE, but only to the extent that the value of SPE Global shares distributed exceeds SPE's cost of such shares. SPE does not anticipate recognizing any significant taxable gain on its distribution of SPE Global shares because SPE does not expect the value of SPE Global shares to exceed significantly SPE's cost of those shares. Specifically, the value of SPE Global shares will exceed SPE's cost of those shares only to the extent that the value of the securities, if any, contributed to SPE Global exceeds SPE's cost of such securities and no significant excess is expected. Further, the Transaction is not expected to increase significantly the total amount of taxable distributions received by SPE common stockholders for the year in which the Transaction is consummated because SPE distributes to stockholders each year substantially all of its taxable income and accordingly any taxable income included in the

distribution of SPE Global shares would be distributed at some point during the year in any event.

The Board of SPE, including all of the Independent Directors, has considered the tax consequences of the Transaction and has determined that the benefits of the Transaction outlined above outweigh any adverse tax consequences to SPE and its common stockholders, particularly because such adverse tax consequences are expected to be minimal.

The costs of organizing SPE Global and effecting the distribution of SPE Global's shares to SPE's common stockholders, including the fees and expenses of counsel and accountants and printing, listing and registration fees, the costs of soliciting SPE's stockholders' approval of the Transaction, and the costs incurred in connection with this Application, are estimated to be approximately \$[500,000], and will be borne by SPE. In addition, SPE Global will incur operating expenses on an ongoing basis, including investment advisory, legal, auditing, transfer agency, and custodian expenses that, when aggregated with the fees payable by SPE for similar services after the distribution, will likely exceed the fees currently payable by SPE for those services. SPE's total annual expenses as a percentage of its net assets may increase after the completion of the Transaction because SPE will have a smaller asset base over which it may spread expenses going forward. The total operating expense ratio of SPE Global is expected to be higher than the total operating expense ratio of SPE due to the different asset levels of the Funds and due to the fact that custodial fees and other fixed fees are generally higher for funds primarily investing (directly and indirectly) in foreign securities.

### III. RELIEF REQUESTED

Applicants hereby request an order (i) pursuant to Section 12(d)(1)(J) of the 1940 Act granting an exemption from Section 12(d)(1)(A) and Section 12(d)(1)(C) of the 1940 Act, (ii) pursuant to Section 17(b) of the 1940 Act granting an exemption from Section 17(a) of the 1940 Act, and (iii) pursuant to Section 17(d) of the 1940 Act and Rule 17d-1 thereunder approving certain transactions.

#### A. Receipt of the Order would serve stockholder interests

Section 12(d)(1)(A) of the 1940 Act places limitations on the ability of a registered investment company to acquire the securities of any other investment company and on the ability of any investment company to acquire the securities of a registered investment company. Specifically, the Section provides that:

It shall be unlawful for any registered investment company (the "acquiring company") and for any company or companies controlled by such acquiring company to purchase or otherwise acquire any security issued by any other investment company (the "acquired company") and for any investment company (the "acquiring company") and any company or companies controlled by such acquiring company to purchase or otherwise acquire any security issued by any registered investment company (the "acquired company"), if the acquiring company and any company or

companies controlled by it immediately after such purchase or acquisition own in the aggregate:

- (i) More than three per centum of the total outstanding voting stock of the acquired company;
- (ii) Securities issued by the acquired company having an aggregate value in excess of five per centum of the value of the total assets of the acquiring company; or
- (iii) Securities issued by the acquired company and all other investment companies (other than treasury stock of the acquiring company) having an aggregate value in excess of 10 per centum of the value of the total assets of the acquiring company.

Section 12(d)(1)(C) of the 1940 Act places limitations on the ability of an investment company to acquire the securities of a registered closed-end investment company. Specifically, the Section provides that:

It shall be unlawful for any investment company (the “acquiring company”) and any company or companies controlled by the acquiring company to purchase or otherwise acquire any security issued by a registered closed-end investment company, if immediately after such purchase or acquisition the acquiring company, other investment companies having the same investment adviser, and companies controlled by such investment companies, own more than 10 per centum of the total outstanding voting stock of such closed-end company.

Although the proposed Transaction may be perceived as technically violating the above provisions, the initial shares held by SPE will be Seed Capital Shares and SPE will own other shares of common stock of SPE Global for only a momentary period of time. At the time of the purchase of Seed Capital Shares and at the time of the transfer of SPE’s assets in return for shares of common stock of SPE Global, SPE will acquire greater than 3% of the voting stock of SPE Global (SPE will acquire 100% of such voting stock) and the value of SPE’s holdings of SPE Global Common Stock will exceed 5% of SPE’s assets for a momentary period. As of December 31, 2013, the \$[14] million of SPE Global Common Stock represents approximately 10% of SPE’s net assets. While there may be some change in the net asset valuation of SPE relative to the \$[14] million SPE Global Common Stock prior to the Transaction, it is anticipated that SPE will exceed the permissible limits of Section 12(d)(1)(A) in purchasing Seed Capital Shares and making the above acquisition. In addition, since SPE Global is a registered closed-end investment company, the proposed Transaction may be viewed as technically violating Section 12(d)(1)(C), since it will own 100% of the voting stock of SPE Global, which is a closed-end investment company, prior to the distribution of SPE Global Common Stock to SPE common stockholders in connection with the consummation of the Transaction.

Notwithstanding the foregoing, the proposed Transaction is arguably excepted from the restrictions set forth in Section 12(d)(1)(A) and Section 12(d)(1)(C) as provided for in

Subsection (D) thereof. Subsection (D) excepts from those restrictions, among other things, any securities received as a result of a plan of reorganization of any company.<sup>2</sup> The Transaction is not “devised for the purpose of evading” the restrictions in Section 12(d)(1)(A) and Section 12(d)(1)(C)—instead, the purpose of the Transaction is to benefit SPE’s stockholders and create an opportunity for SPE’s stockholders to elect to further diversify their portfolios. However, the Transaction is not explicitly addressed in the definition of a “reorganization” under Section 2(a)(33) of the 1940 Act. That Section defines a reorganization as:

(A) a reorganization under the supervision of a court of competent jurisdiction; (B) a merger or consolidation; (C) a sale of 75 per centum or more in value of the assets of a company; (D) a restatement of the capital of a company, or an exchange of securities issued by a company for any of its own outstanding securities; (E) a voluntary dissolution or liquidation of a company; (F) a recapitalization or other procedure or transaction which has for its purpose the alteration, modification, or elimination of any of the rights, preferences, or privileges of any class of securities issued by a company, as provided in its charter or other instrument creating or defining such rights, preferences, and privileges; (G) an exchange of securities issued by a company for outstanding securities issued by another company or companies, preliminary to and for the purposes of effecting or consummating any of the foregoing; or (H) any exchange of securities by a company which is not an investment company for securities issued by a registered investment company.

Exemptive relief is being requested because the Transaction is not explicitly addressed by the exceptions set forth in Subsection (D).

B. Section 17(a)

Section 17(a)(1) of the 1940 Act provides that it is unlawful, among other things, for any affiliated person of a registered investment company to sell any securities or other property to the registered company. Section 17(a)(2) of the 1940 Act provides that it is unlawful, among other

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<sup>2</sup> Specifically, Section 12(d)(1)(D) provides that “[T]he provisions of this paragraph (1) shall not apply to a security received as a dividend or as a result of an offer of exchange approved pursuant to section 11 or of a plan of reorganization of any company (other than a plan devised for the purpose of evading the foregoing provisions).”

things, for such an affiliated person to purchase securities or other property from the registered company.<sup>3</sup>

Section 2(a)(3) of the 1940 Act defines an affiliated person of another person to include, among others, “(A) any person directly or indirectly owning, controlling, or holding with power to vote, 5 per centum or more of the outstanding voting securities of such other person; (B) any person 5 per centum or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other person; or (C) any person directly or indirectly controlling, controlled by or under common control with, such other person . . . .”