StradleyRonon

Listed Closed-End Funds

Stradley Ronon has nearly a century of experience advising some of the most prominent listed closed-end fund (CEF) complexes in the United States, while also providing legal advice to their investment advisers, sponsors and independent directors in connection with initial public offerings (IPOs), structuring leverage, disclosure requirements, compliance matters, proxy fights, national stock exchange listing requirements, day-to-day operations, and related topics.

We represent traditional listed CEFs marketing their shares via offerings registered under the Investment Company Act of 1940 (1940 Act) and the Securities Act of 1933 (1933 Act) on national stock exchanges. We also serve as counsel to CEFs, shareholders, industry trade groups and other law firms regarding complex issues arising under the 1940 Act, the 1933 Act, the Securities Exchange Act of 1934 (Exchange Act), and the rules and regulations of national stock exchanges and the Financial Industry Regulatory Authority (FINRA). Additionally, we represent unlisted CEFs; read more on our capabilities in this space.

Stradley Ronon guides CEFs in their dealings with activist and dissident investors, including the implementation of creative strategies to manage fund discounts to net asset value to minimize activism. We are also well-versed in managing proxy contests, negotiating standstill agreements, and representing our clients in related litigation.

Our Services

Stradley Ronon assists with the full range of legal issues throughout a CEF's life cycle, from evaluating investment strategies and underwriting arrangements through fund formation, registration, launch and listing of fund shares, and post-offering phases, such as subsequent rights offerings and tender offers, and annual shareholder meetings and board meetings, as well as fund compliance.

Initial Public Offerings

Guiding CEFs through all phases of the IPO, including filing of and amendments to the registration statement, handling comments from the U.S. Securities and Exchange Commission (SEC), negotiation of the underwriting/distribution agreement and related arrangements, stock exchange listing, review of marketing materials and related FINRA review process, and documenting the settlement of the offering and any exercises of the underwriters' over-allotment option.

Innovative Product Structures and Leverage Vehicles

Assisting CEFs in developing innovative product structures, including target term funds, and designing creative leverage vehicles, including new types of term preferred shares, and bringing these new products to market.

Preferred Share Offerings

Handling public and private offerings of preferred shares used for leverage and for refinancing existing leverage vehicles.

Credit Facility or Borrowings

Conducting public and private offerings of debt securities and commercial paper used for leverage, as well as negotiating bank borrowings, and assisting CEFs with alternative forms of leverage such as tender option bonds and mortgage dollar rolls.

Addressing Market Price Discounts

Assisting CEFs in developing managed distribution plans, periodic tender offers, SEC exemptive applications for periodic capital gains distributions, and other creative measures designed to assist CEFs in addressing persistent market price discounts to net asset value.

Activist and Dissident Investors

Strategizing and defending CEFs in proxy fights and related litigation with activist shareholders, including preparation of proxy materials and drafting SEC no-action letters to exclude shareholder proposals from CEF proxy statements. Also managing negotiations with activist investors and preparing related regulatory documents in connection with tender offers, mergers or other transactions negotiated with activist investors.

Fund Reorganization and Mergers

Assisting clients with product rationalization through mergers of CEFs that allow for asset retention and preservation of leverage.

Board and Committee Meetings

Counseling investment advisers and boards on all aspects of preparing for, attending and documenting registered CEF board and committee meetings.

Fund Disclosure

Preparing and reviewing shareholder report and annual proxy statement disclosure in response to changing markets and regulatory guidance.

Regulatory and Compliance Issues

Navigating through complex compliance issues related to new or novel investment concepts, leverage products and underwriting arrangements, as well as issues arising from changes at the SEC and proposed changes to address the increasing challenges caused by activists.

Regulatory Investigations and Enforcement

Guiding clients through SEC or other federal and state regulatory investigations and enforcement actions.

Tender Offers

Preparing disclosure documents for CEF tender offers and coordinating the related operational logistics.

Tax

Addressing tax issues arising in the formation, operation and distribution of CEF shares, and those arising from post-offering dividends and distributions and special transactions.

Shelf, At-the-Market and Other ‘Follow-On’ Offerings

Preparing registration statements, negotiating sales agent arrangements and handling closings related to shelf offerings, at-the-market offerings and other forms of “follow-on” offerings, including rights offerings.

Representative Matters

- Advised on the conversion of the Bluerock Private Real Estate Fund (formerly, Bluerock Total Income+ Real Estate Fund) (Ticker: BPRE) from an interval fund to an exchange-listed closed-end fund. With $3.5 billion in net assets, BPRE is now the largest listed real estate fund in existence.