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

DIVISION OF
INVESTMENT MANAGEMENT

August 2, 2013

Philippe M. Salomon, Esq.
Blank Rome LLP
405 Lexington Avenue
New York, NY 10174-0208

Re: Letter, Dated June 18, 2013, from the Staff of the Securities and Exchange Commission ("Commission"), Denying Copley Fund, Inc.'s ("Copley's") Request for Commission Review of the Division of Investment Management's April 5, 2013 Denial of Copley's Request for No-Action Relief under Regulation S-X and Rule 22c-1 under the Investment Company Act of 1940 ("Staff Response")

Dear Mr. Salomon:

We received your letter dated July 15, 2013. As explained in our letter, dated June 18, 2013, the Staff Response was issued pursuant to Rule 202.1(d) of the Commission's Rules of Informal and Other Procedures (17 C.F.R. 202.1(d)). This rule gives the staff authority to provide informal advice and assistance, including no-action relief. It also permits the staff to present questions to the Commission which involve matters of substantial importance and where the issues are novel or highly complex; it does not otherwise provide for Commission review of such staff actions.

To the extent that you seek Commission consideration of your request, you may want to consider submitting a request for exemptive relief pursuant to Section 36 of the Securities Exchange Act of 1934 ("1934 Act").[1] Section 36 provides, in relevant part, that the Commission, by order, "may conditionally or unconditionally exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions, from any provision or provisions of this title or of any rule or regulation thereunder, to the extent that such exemption is necessary or appropriate in the public interest, and is consistent with the protection of

---

1 15 U.S.C. 78mm.

investors."[2] Section 36 further provides, in relevant part, that the Commission "may, in its sole discretion, decline to entertain any application for an order of exemption under this section."[3]

Based on our understanding of your requested relief thus far, we must advise you that the staff would not support such relief. In addition, we can give no assurances that the Commission will entertain the request and, if the request is entertained, that the Commission would grant the requested relief.

Very truly yours,

Douglas Scheidt

Douglas Scheidt
Associate Director and Chief Counsel

---

2 Your letter, dated April 12, 2013, indicates that Copley "should be permitted flexibility to depart from a strict interpretation of GAAP." The requirements of GAAP are made applicable to financial statements filed with the Commission, including those filed by investment companies, by Rule 4-01(a)(1) of Regulation S-X under the 1934 Act.

3 Rule 0-12 under the 1934 Act sets forth procedures for filing applications for orders for exemptive relief under Section 36 of the 1934 Act. *See* 17 C.F.R. 240.0-12.

BLANK ROME LLP
COUNSELORS AT LAW

Phone: *(212) 885-5455*
Fax: *(917) 332-3792*
Email: *PSalomon@BlankRome.com*

July 15, 2013

BY FEDEX

Douglas Scheidt, Esquire
Associate Director and Chief Counsel
United States Securities and Exchange Commission
Division of Investment Management
Washington, DC 20549

Re: Letter, Dated June 18, 2013, from the Staff of the Securities and Exchange Commission (the "Commission" or "SEC"), Declining the Copley Fund, Inc.'s ("Copley" or the "Fund") Request that the Full Commission Review *de Novo* the Issues Presented by the Fund

Dear Mr. Scheidt:

This Firm represents the Fund and, on its behalf, responds to your letter to me, dated June 18, 2013, in which the Staff -- not the Commission -- summarily rejected Copley's request for a full *de novo* review by the SEC Commissioners of the Staff's denial of the Fund's request for No-Action relief and for the issuance of a final written order by the Commission, over-ruling the Staff's response and granting no-action assurance. The net result of this action is an attempt to insulate the Staff's decision and to deny Copley its lawful, administrative right to appeal for full Commission consideration.

As you well know, Copley, which concededly has a unique corporate structure and unusual tax issues, seeks the right to alter the current manner in which it has been mandated by the SEC to account for deferred Federal tax liability for unrealized gains, by establishing a tax reserve based on a management developed pre-set formula. This approach, which the Fund employed from 1992 to 2007, results in a fair and more accurate disclosure of its current and ongoing financial operations, together with its true net asset value.

As an initial matter, the Fund respectfully disagrees with your interpretation and characterization of Copley's request as being made pursuant to Rule 202.1(d) of the

Commission's Rules of Informal and Other Procedures, 17 C.F.R. 202.1(d). Copley expressly petitioned, and addressed its application, directly to the SEC Commissioners for a full *de novo* review of its No-Action application and "that the Commissioners issue a final order on behalf of the SEC granting the Fund the relief it has requested." *See* Copley Application for Full Commission Review, dated April 12, 2013, at 1, 2 & 4 ("April 12, 2013 Application"). At *no* time did the Fund request the Staff of the Division of Investment Management to exercise its discretion, pursuant to 17 C.F.R. 202.1(d), to present Copley's April 12, 2013 Application to the SEC Commissioners.

While the Staff's response to Copley's March 28, 2012 request for No-Action relief may have been issued pursuant to SEC Rule 202.1(d), the Fund's April 12, 2013 Application was not made pursuant to that Rule. Put simply, Copley did not request that the Staff exercise its discretion to present the Fund's April 12, 2013 Application to the Commission for its review of a Division No-Action response. Rather, Copley appealed directly to the Commissioners for a review *de novo* by the Commission of the issues raised by the Fund.

With all due respect, Copley further disagrees with the Staff's conclusion that the Fund's request does not involve a matter "of substantial importance where the issues are novel or highly complex." The Staff has previously acknowledged, in its letter dated September 26, 2007, that it "is unaware of any investment company (other than the Company) that chooses not to qualify as a RIC and does not accrue a deferred tax liability associated with its unrealized appreciation." *See* April 12, 2013 Application, Ex. 2 at Ex. B, p. 3-4. And in his correspondence on July 15, 2010, Staff member Kevin Rupert acknowledged that "this fund has *really unusual* tax issues." *See* April 12, 2013 Application, Ex. 2 at Ex. I (emphasis added). Equally significant is the fact that the Commission has on at least two occasions permitted management discretion in comparable circumstances relating to recognition of deferred tax liabilities and that the Fund's compliance with the Staff's mandated accounting methodology has resulted in a materially misleading NAV reporting since 2007. This disparate treatment by the SEC respecting these accounting issues, coupled with the misleading public disclosures now directed by the Staff, are substantially important for the Commission's resolution and certainly have raised novel and highly sophisticated matters. Consequently, assuming, *arguendo*, that Rule 202.1(d) is controlling here, when these facts are measured against the standards of SEC Rule 202.1(d), it is clear that Copley's April 12, 2013 Application "involve[s] matters of substantial importance where the issues are novel or highly complex …."

Given that the Staff has currently attempted to foreclose the possibility of review by the Commission, the Fund is now faced with a Hobson's choice: (a) Copley can continue to report inaccurately its NAV based on the Staff's preferred accounting method, or (b) the Fund can return to the more accurate accounting methodology and face threatened enforcement action by

the SEC. Furthermore, given the present status, unless Copley can secure a hearing and review *de novo* from the Commissioners, the Fund has no alternative choices but to treat and consider your letter of June 18, 2013, as the views of the Division of Investment Management, capable of judicial review on the basis of the administrative record and as effectively, constituting a determination by, and final "Order" of, the Commission.

Based on the foregoing, Copley respectfully requests that the Staff reconsider its June 18, 2013 response and agree that the Fund's April 12, 2013 Application will now be submitted to the full Commission for its *de novo* review. It is imperative that the Fund be permitted flexibility for its management to set a reserve for deferred tax liability that will result in a per-share NAV that accurately reflects the true value of the Fund's shares. As Copley has represented several times, any return to its historic reporting methodology would include a full disclosure of the differences in method and result. Absent notification from the SEC by July 31, 2013, that Copley's April 12, 2013 Application has been presented for a formal consideration and review by all the Commissioners, and that a final Order will be issued, the Fund will have no other recourse but, and will be forced, to consider and pursue its further rights and remedies to the fullest extent permitted under applicable law.

I am confident that you and the Staff will accord Copley its rightful, administrative due process and accordingly, I await the Staff's favorable reply.

If you would like to discuss this matter further, please do not hesitate to contact me at (212) 885-5455.

Very truly yours,

Philippe M. Salomon

cc: Chairwoman Mary Jo White **(By FedEx)**
Commissioners of the Securities and Exchange Commission **(By FedEx)**

Ms. Jaime Eichen **(By U.S. Mail)**
Chief Accountant
Division of Investment Management

David I. Faust, Esq. **(By E-mail Transmission)**