

MEMO# 31319

August 7, 2018

C-Share (Level Load) Conversion: Operational Considerations White Paper

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August 7, 2018 TO: Bank, Trust and Retirement Advisory Committee
Broker/Dealer Advisory Committee
Operations Committee
Sales and Marketing Committee
Small Funds Committee
Transfer Agent Advisory Committee RE: C-Share (Level Load) Conversion: Operational Considerations White Paper

We are pleased to announce the publication of a new white paper, *C-Share (Level Load) Conversion: Operational Considerations*.

Level load share classes typically combine an annual 12b-1 fee with a contingent deferred sales charge on shares sold within one year of purchase, while allowing shareholders to purchase shares at net asset value. They are commonly referred to as “Class C” or C shares.

One feature that many mutual funds are evaluating is whether, after a certain period, they can implement an automated conversion of C shares to other share classes. Implementing a C-share conversion after the share classes has been offered for some time can create significant operational, technological, and procedural challenges for the fund itself, the fund’s transfer agent, and the intermediaries who service C share investors.

The Investment Company Institute’s Broker/Dealer Advisory Committee (ICI BDAC) convened a working group of funds, intermediaries, service providers, and the Depository Trust & Clearance Corporation (DTCC) to develop this paper that documents operational considerations and common practices for C-share conversion. The paper:

- Provides background on key C share attributes to support a conversion;
- Outlines fund and intermediary considerations when deciding to pursue a C-share conversion;
- Discusses the role of communication in implementing a successful conversion;
- Describes considerations for determining conversion-eligible shares (and related shareholders); and
- Highlights conversion and post-conversion considerations.

The white paper can be accessed on the ICI website [here](#).

Questions or comments on the white paper may be directed to the undersigned (jeff.naylor@ici.org; 202-326-5844). We hope the paper will benefit those undertaking an evaluation and/or potential implementation of an automated C-share conversion.

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