

MEMO# 24452

July 29, 2010

August 10, 2010 Conference Call on SEC's Rule 12b-1 Proposal

[24452]

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TO: ACCOUNTING/TREASURERS COMMITTEE No. 7-10
BANK, TRUST AND RECORDKEEPER ADVISORY COMMITTEE No. 24-10
BROKER/DEALER ADVISORY COMMITTEE No. 31-10
OPERATIONS COMMITTEE No. 20-10
PENSION COMMITTEE No. 19-10
PENSION OPERATIONS ADVISORY COMMITTEE No. 18-10
SEC RULES COMMITTEE No. 31-10
SALES FORCE MARKETING COMMITTEE No. 5-10
SMALL FUNDS COMMITTEE No. 10-10
TAX COMMITTEE No. 23-10
TRANSFER AGENT ADVISORY COMMITTEE No. 42-10 RE: AUGUST 10, 2010 CONFERENCE
CALL ON SEC'S RULE 12B-1 PROPOSAL

As you know, the Securities and Exchange Commission (SEC) has proposed sweeping changes to the rules and disclosure requirements related to the use of fund assets to pay for expenses related to the distribution of fund shares. [\[1\]](#) The proposal would rescind rule 12b-1 under the Investment Company Act of 1940 and replace it with a new framework for “marketing and service fees” and “ongoing sales charges.” It would also provide funds with an option to issue shares at net asset value to dealers, who would then be free to establish and collect their own commissions or other sales charges to pay for distribution.

The proposal is described in detail in a separate memorandum to ICI members, available at http://www.ici.org/my_ici/memorandum/memo24449. Comments on the proposal are due to the Commission by November 5, 2010.

The proposal is lengthy and detailed. If adopted, it could profoundly impact a number of aspects of fund operations – distribution, legal and compliance, board oversight, transfer agency and other operations, tax and accounting, and pensions. As we develop the Institute’s position on this proposal, it will be very important that we hear from members with all different perspectives.

Accordingly, we plan to have a series of conference calls to discuss the proposal. We will begin with a conference call on Tuesday, August 10th from 2:00-3:30 (Eastern Time). All ICI committee members are invited to participate in this call. Its primary purpose will be to discuss the substance of the proposal and get members' initial reactions.

Shortly after the August 10th call, we will hold separate calls with particular sets of committees in an effort to discuss certain aspects of the proposal in greater detail. If you are a member of one of those committees, you will receive a separate memorandum with information for that call.

To receive dial-in information for the August 10th call, please email Gwen Kelly at gwen.kelly@ici.org. If you are unable to participate on the call or would like to discuss the 12b-1 proposal, please feel free to contact me at either 202-371-5430 or rcg@ici.org.

Robert C. Grohowski
Senior Counsel
Securities Regulation - Investment Companies

endnotes

[1] SEC Release Nos. 33-9128; 34-62544; IC-29367 (July 21, 2010) (the "Release"). The Release can be found on the SEC's website at <http://www.sec.gov/rules/proposed/2010/33-9128.pdf>.

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