

MEMO# 30722

May 30, 2017

ICI Form of Amendment to Assist Members Offering "Clean Shares"

[30722]

May 30, 2017 TO: Pension Committee
Pension Operations Advisory Committee
SEC Rules Committee RE: ICI Form of Amendment to Assist Members Offering "Clean Shares"

ICI, with member input, has developed the attached form of amendment to assist members that are considering offering one or more classes of "clean shares." As you know, the SEC staff recently issued a no-action letter that provides that a broker, acting as agent on behalf of its customers, with respect to a class of shares that does not have a front-end load, deferred sales charge, or other asset-based fee for sales or distribution ("clean shares"), is not subject to the restrictions of Section 22(d) of the Investment Company Act of 1940 when it charges its customers commissions for transactions in such shares.[\[1\]](#) The letter includes several representations, including that the broker will represent in its selling agreement with the fund's underwriter that it is acting solely on an agency basis for the sale of clean shares.

We understand that funds offering clean shares may amend selling agreements with their intermediaries to clarify the intermediary's role. The attached form of amendment is intended to assist members with this process by including representations regarding the intermediary's role as agent. Please note that existing intermediary agreements vary considerably. Before using the form of amendment, it is essential to review the specific terms of a fund's existing agreement with an intermediary to determine whether the form would accomplish all desired changes.

Sarah A. Bessin
Associate General Counsel

[Attachment](#)

endnotes

[1] See *Capital Group*, SEC No-Action Letter (pub. avail. Jan. 11, 2017), available at <https://www.sec.gov/divisions/investment/noaction/2017/capital-group-011117-22d.htm>.

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.