

MEMO# 2828

June 7, 1991

VARIABLE RATE TRUST CERTIFICATES

June 7, 1991 TO: DANIEL MACLEAN - DREYFUS ROBERT HARRIS - MERRILL LYNCH ASSET MGMT. SAMUEL BEARDSLEY - T. ROWE PRICE STEPHEN KEEN - FEDERATED INVESTORS G. ANDREW BONNEWELL - FEDERATED INVESTORS ROBERT GLASSMAN - DEAN WITTER INTERCAPITAL SUSAN BENDER - CALVERT GROUP THOMAS MAHER - FIDELITY MONEY MARKET FUNDS AD HOC COMMITTEE NO. 14-91 RE: VARIABLE RATE TRUST CERTIFICATES

As you know, the Institute has been working to obtain guidance from the Treasury Department and the Internal Revenue Service clarifying the tax treatment of certain synthetic short-term municipal obligations generically referred to as variable rate trust certificates. The Institute has previously met with officials of those agencies and is proceeding with the analysis of these instruments. Reed Shuldiner, currently a professor at the University of Pennsylvania School of Law and a former Treasury Department official knowledgeable in this area, has been retained to assist in this effort. There will be a meeting of those interested in this issue on Wednesday, June 19, 1991 at 2:00 p.m. at which Professor Shuldiner will discuss the outstanding issues. Soon after the meeting, the Institute will present the Treasury and the Internal Revenue Service with the analysis and request guidance on those issues. Please respond by Monday, June 17 to Berlauder Barnes at (202) 955-3518 if you will be attending. David J. Mangefrida, Jr. Assistant Counsel - Tax

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