

MEMO# 6421

November 30, 1994

ASSOCIATED PRESS RESPONSE TO INSTITUTE LETTER ON REPORTING OF CLOSED-END FUND DIVIDENDS

November 30, 1994 TO: CLOSED-END FUND COMMITTEE No. 31-94 RE: ASSOCIATED PRESS
RESPONSE TO INSTITUTE LETTER ON REPORTING OF CLOSED-END FUND DIVIDENDS

_____ As you know, the Institute submitted a letter to the Associated Press ("AP") requesting that the AP modify its method of reporting closed-end fund dividend information. (See Memorandum to Closed-End Fund Members No. 36-94, dated October 31, 1994.) Attached is a response to that letter from the AP. The letter states that the AP's policy is to report actual payments when those payments are irregular. Where dividends are assumed to be made pursuant to a regular dividend rate, the AP applies the rate in its calculation of the annual dividend figures. The letter expresses concern that changing its policy to report actual previous payments in all cases, as recommended by the Institute, would produce misleading yield figures. The letter also states that the AP's policy is not to report capital gains as part of the dividend figures. In this regard, the AP expressed interest in learning of specific instances where capital gains may have been included. Finally, the letter notes that the AP currently flags capital gains or other special payments with the "a" footnote. We intend to follow-up with representatives from the AP on this matter. Please provide me with any comments you have on the AP's response by December 16. In particular, it would be helpful to know whether your funds have experienced any recent problems with the reporting of dividend data by the AP. I can be reached at 202/326-5824. Amy B.R. Lancellotta Associate Counsel
Attachment