

MEMO# 5552

February 4, 1994

PROPOSED DOL EXEMPTION PERMITTING CERTAIN AGENCY-CROSS TRANSACTIONS

February 4, 1994 TO: INVESTMENT ADVISERS COMMITTEE NO. 10-94 RE: PROPOSED DOL EXEMPTION PERMITTING CERTAIN AGENCY-CROSS TRANSACTIONS

At the Investment Advisers Committee meeting on February 1, there was a discussion about an individual exemption that is under consideration by the Department of Labor to permit an investment adviser to transact certain cross- trading on behalf of employee benefit plan accounts. As we discussed, prior authorization of each transaction would be required for managed accounts, but not for index accounts. In addition, a cross-trade would be permitted to exceed a volume limit of five percent of average daily trading volume only by express authorization of an independent fiduciary. Finally, the proposed exemption would cover transactions in both equity and debt securities. At the request of several members at the meeting, a copy of the proposed exemption is attached. Amy B.R. Lancellotta Associate Counsel Attachment

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