

MEMO# 17182

March 9, 2004

TAX COMMITTEE CONFERENCE CALL MARCH 16 TO DISCUSS SEC RELEASE ON MANDATORY REDEMPTION FEES

[17182] March 9, 2004 TO: TAX COMMITTEE No. 10-04 RE: TAX COMMITTEE CONFERENCE CALL MARCH 16 TO DISCUSS SEC RELEASE ON MANDATORY REDEMPTION FEES The Securities and Exchange Commission has proposed new Rule 22c-2 under the Investment Company Act that would generally require mutual funds to impose a 2% redemption fee on the redemption of any fund shares held less than five days (determined using a “first in, first out” (or “FIFO”) inventory method). Tax Committee members, along with members of a number of other Institute committees, have been invited to join a conference call on March 18 to discuss the Institute’s comments on this proposed rule.¹ In addition to the issues directly associated with such a rule, the proposed rule may indirectly impact several issues of particular interest to Tax Committee members, including whether funds should treat redemption fees as income and whether it is “practicable” for funds to monitor shareholders’ holding periods in reporting qualified dividend income on Forms 1099-DIV. There will be a conference call at 2:00 pm (Eastern) on March 16 to discuss the proposed rule and these associated tax issues. The dial-in number for the call is 888-810-3139, the passcode is 13875, and the undersigned is the moderator. If you plan to participate in the call, please provide the information requested on the attached response form to Ezella Wynn by email (ewynn@ici.org) or fax (202/326-5841). David Orlin Assistant Counsel Attachment (in .pdf format) 1 For a summary of the proposed rule and additional information on the conference call, see Institute Memorandum to Tax Committee No. 9-04 [17171], dated March 8, 2004.