

MEMO# 2474

January 16, 1991

STATUS OF VARIOUS PROJECTS

January 16, 1991 TO: TRANSFER AGENT ADVISORY COMMITTEE NO. 2-91 RE: STATUS OF VARIOUS PROJECTS _____ The status of each of the Advisory Committee's projects is summarized below.

1. Confirmation Requirements Ralph Spuehler of Keystone will be sending a survey to the Advisory Committee members in the near future to determine if fund groups are in favor of a limited reduction in confirmation requirements. The survey will suggest confirmation mailings be reduced to quarterly where dividend reinvestment and/or systematic transactions are the only account activity. Upon conclusion of the survey a recommendation to the Institute's Operations Committee and legal department will be drafted, for consideration in a possible letter to the SEC.

2. Returned by Post Office (RPO) The task force has submitted to the Transfer Agent Advisory Committee Chairman a document outlining discussion issues and conclusions drawn in regard to the costs associated with RPO accounts. The task force agrees it to be appropriate to pass escheatment costs (which are now being allocated to all shareholders) on to the actual (RPO) accounts involved, assuming certain actions have been taken. At the next Advisory Committee meeting these conclusions will be discussed and the appropriate recommendations will be made to the Operations Committee and ICI Legal Department to allow for the treatment of such costs. The task force members are: Cynthia Jones (Chairman) Colonial Mary Bolles Keystone Jim Olshefski DST Sharyn Romm Delaware Group Steve Warner Pioneer

3. Legal Requirements/TA Signature Guarantees Project The first meeting of this reorganized task force was held last week where significant progress was made analyzing the types of legal requirements that exist for certain types of transactions. The task force will meet again for an all day working session on January 25th, 1990, to conclude its analyzes. The group intends to define present industry practices (polled by task force members) for certain activities and suggest which activities could be engaged with less legal requirements. The task force's recommendations will suggest certain procedures that each fund complex should be required to follow to reduce such legal requirements. These recommendations will be presented at the next Transfer Agent Advisory Committee meeting and will be forwarded by Donald O'Connor to the ICI Mutual Underwriting Committee for insurance coverage consideration. Members of this task force are: Cynthia Jones (Co-Chairman) Colonial Janet Clifford (Co-Chairman) MFS Ken Beard American Capital Bob Blucke Fidelity Mike Cady Pioneer Lynn Haddad Pioneer Mary Crooks Oppenheimer Lynda DesEnfants American Funds Valerie Hugo Alliance Steve MacNeill Scudder Linda Parsons U.S. Trust Mark Rayford T. Rowe Price Lizzy Heuisler T. Rowe Price

4. Transfer of Assets Survey The sub-committee assigned to evaluate Industry trends and practices relative to IRA Asset Transfers has completed it's survey. The sub-committee members who were supportive and active in this endeavor include: Joe Recomendés (Chairman) MFS Janet A. Clifford MFS Randall S. Gore DST Nancee Koporc Kemper Vincent Marra Prudential Wayne O'Melia T. Rowe Price The survey results and major conclusions drawn by the subcommittee were distributed to the Advisory Committee members on

December 14, 1990. The sub-committee's report outlines several recommendations as to how to proceed in concluding this project. The survey report will be discussed in detail at the next Advisory Committee meeting. Comments or suggestions regarding the survey results should be forwarded to Joe Recomendés at MFS and Donald O'Connor at the Institute.

5. Tax Basis Accounting For Shareholders The IDS Average Cost System was presented to the Transfer Agent Advisory Committee by Jerry Amundson of IDS at the December 5th meeting. Barbara Moulding will be distributing a summary of the work performed on this project to date and conclusions drawn by the task force at the next Advisory Committee meeting.

6. Transfer Agent Regulatory Costs An ad-hoc committee was formed to research and define the cost of regulatory compliance as a component of total transfer agent charges. Members of the ad-hoc group are: Robert Guillocheau (Chairman) TSSG Timothy Hayes Fidelity Jim Olshefski DST Ralph Spuehler Keystone Barbara Hennigar Oppenheimer The group is currently defining its objectives and intends to make progress on this project in the next few weeks. It is not known yet whether regulatory costs can be isolated. If this is possible, such cost data might provide the statistical evidence needed to suggest that imposed regulations have contributed to the rising cost of doing business. This information would be useful for both fund directors and regulatory bodies. If the group is able to determine it is beneficial to isolate regulatory costs, we will consider how this can be achieved on an industry-wide basis and if possible incorporate this into future transfer agent cost surveys.

7. Survey of Book Versus Physical Shares This survey was circulated to Advisory Committee members on November 29, 1990 to assist the Institute in its work as a participant on the Group of Thirty U.S. Working Committee. The purpose of the survey is to update our general understanding of the form in which mutual fund shares are presently being issued and the overall composition of shares (book versus physical) outstanding. To date seven of the twenty-one surveys circulated have been received. Follow-up calls have indicated that the remainder of surveys should be received by the end of January. Preliminary results will be presented at the next Advisory Committee meeting.

***** Your contribution and your involvement on these projects is greatly appreciated. We hope to make significant progress in concluding the majority of the Transfer Agent Advisory Committee projects in 1991. The next Transfer Agent Advisory Committee meeting will be held on March 5, 1991 in Washington, D.C. at 9:30 a.m. A separate meeting notice was mailed by the Institute to committee members on January 14, 1991. If you have not yet responded whether you will be attending, please contact Rita Pemberton at the Institute either by faxing (202/293-1058) or by phoning (202/955-3551) in your response. Thank you for your participation. William H. Smith Chairman