

MEMO# 3043

August 23, 1991

SEPTEMBER 19 MEETING TO DISCUSS YIELD ENHANCEMENT ISSUES

August 23, 1991 TO: BOARD OF GOVERNORS NO. 64-91 RE: SEPTEMBER 19 MEETING TO DISCUSS YIELD ENHANCEMENT ISSUES

_____. Recently, questions have been raised regarding methods used by some funds to enhance their distribution rates through particular tax or accounting practices. These include, for example, failing to amortize bond premium and treating 12b-1 fees as a capital item for tax purposes. Pursuant to the recommendation of the Executive Committee, the Institute is forming a new Yield Committee to discuss these matters and the possibility of developing an industry-wide position on how they might be addressed. The first meeting of the Committee will be held on Thursday, September 19 at 10:00 a.m. in the Institute's 6th floor conference room. Please call Susan Burgess at 202/955-3513 by Friday, September 13 to let her know: 1) if you would like to designate a person from your firm to serve on the Yield Committee and 2) whether the designated person from your firm will attend the September 19 meeting.

Lawrence A. Rogers Senior Counsel