

MEMO# 4493

February 8, 1993

MARYLAND LEGISLATION INTRODUCED TO CLARIFY SMALL ACCOUNT REDEMPTION PROCEDURE]

February 8, 1993 TO: SEC RULES COMMITTEE NO. 13-93 STATE LIAISON COMMITTEE NO. 6-93 TRANSFER AGENT ADVISORY COMMITTEE NO. 14-93 RE: MARYLAND LEGISLATION INTRODUCED TO CLARIFY SMALL ACCOUNT REDEMPTION PROCEDURE

_____ The Institute has introduced legislation in Maryland to clarify the procedure for redemption of small accounts. House Bill 392 provides that an investment company may redeem shares of its stock if the investment company's charter expressly provides for such, or certain conditions are met if the investment company's charter does not expressly permit redemption of small accounts. In addition, House Bill 392 would repeal the current provision which grants shareholders the right to object to the redemption. As you may recall, this legislation is necessary since the current statutory provision outlining the procedure for redemption of small account could be construed to apply to all mutual funds organized in Maryland. Section 2-310.1 specifically requires the fund to give written notice to the shareholder that is personally mailed or mailed by registered or certified mail, establishes a date for redemption which is at least 45 days from the date of the notice and grants the shareholder the right to object to the redemption. A copy of House Bill 392 is attached. We will keep you advised of developments. Patricia Louie Associate Counsel Attachment