

MEMO# 16853

December 9, 2003

NYSE PROPOSAL REGARDING CHANGES IN EXCHANGE FEES FOR CLOSED-END FUNDS; YOUR VIEWS REQUESTED BY DECEMBER 16TH

[16853] December 9, 2003 TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 64-03
RE: NYSE PROPOSAL REGARDING CHANGES IN EXCHANGE FEES FOR CLOSED-END FUNDS;
YOUR VIEWS REQUESTED BY DECEMBER 16TH The Securities and Exchange Commission
has published for comment a New York Stock Exchange proposal that would amend the
continued annual listing fees for closed-end funds.¹ The NYSE has proposed establishing a
new continuing fee structure with increased fund family discounts, and a new per million
share base rate applicable to all closed-end funds. Comments on the proposal are due to
the SEC no later than December 29th. If you have any comments that you would like the
Institute to consider including in a comment letter, please provide them to me by
December 16th by phone at 202.218-3563, fax at 202.326-5827, or email at
ddonohue@ici.org. The Proposing Release explains that in establishing a new base rate
applicable to all closed-end funds, the NYSE will no longer apply the existing five-tiered
continued listing fee structure. Instead, closed-end funds would pay at a rate of \$930 per
million shares, subject to a minimum annual fee of \$25,000. The overall annual fund family
fee cap of \$1 million would remain in place. The NYSE also has proposed to increase and
expand the availability of the discounts applicable to fund families with multiple funds
listed. As proposed, fund families with between 3 and 14 closed-end funds listed would
receive a 5% discount off the calculated continuing annual fee for each fund listed, and
those families with more than 14 listed closed-end funds would receive a 15% discount.² In
addition, the NYSE has proposed to eliminate the current policy under which closed-end
fund shares subject to continuing annual fees for a period of 15 consecutive years become
exempt from further fees. (The proposed change is consistent with the amendments made
with respect to listed operating companies in December 2002.) ¹ See SEC Release No.
34-48833 (November 25, 2003) [68 FR 67717 (December 3, 2003)] ("Proposing Release"). ²
Currently, fund families with between 5 and 15 closed-end funds listed receive a 5%
discount off the calculated continuing annual fee for each fund listed, and those with 16 or
more listed closed-end funds receive a discount of 10%. ² The Proposing Release notes that
the impact of the proposed changes on an individual fund will vary. Some funds will
experience increased fees, some will experience decreased fees, and others will experience
no net change. Dorothy M. Donohue Associate Counsel

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