

MEMO# 10754

February 25, 1999

INSTITUTE COMMENT LETTER ON NYSE PROPOSAL REGARDING CLOSED-END FUND LISTING ELIGIBILITY CRITERIA

* See Memorandum to Closed-End Investment Company Committee, No. 4-99, dated February 8, 1999. [10754] February 25, 1999 TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 9-99 RE: INSTITUTE COMMENT LETTER ON NYSE PROPOSAL REGARDING CLOSED-END FUND LISTING ELIGIBILITY CRITERIA

As we previously informed you, the New York Stock Exchange ("NYSE") has filed a proposed rule change instituting a pilot program relating to the listing eligibility criteria for closed-end funds.* The Institute has filed a comment letter with the Securities and Exchange Commission ("SEC") opposing this proposal. In particular, the Institute's letter states while it may be advisable to codify specific eligibility listing criteria for closed-end funds, the Institute opposes the proposed rule change for two reasons. First, we are concerned that the SEC has granted accelerated approval to allow the pilot program to be instituted without first allowing the industry the opportunity to comment. Second, we believe that adopting any listing criteria should be done in a more careful and deliberate manner and with greater specificity and less uncertainty. For example, it is unclear from the release the rationale for the proposed listing requirement; how this requirement will be applied; and whether there are any other listing standards and requirements. The Institute's letter also encourages the NYSE to reconsider its proposal and offers the Institute's assistance in developing appropriate eligibility listing criteria for closed-end funds. A copy of the letter, which is substantially similar to the draft letter previously circulated to the Committee, is attached. If you have any questions, please contact the undersigned by phone at (202) 371-5408 or by e-mail at aburstein@ici.org. Ari Burstein Assistant Counsel Attachment