

**MEMO# 2275**

October 19, 1990

## **SUMMARY OF SEPTEMBER 13, 1990 MEETING**

October 19, 1990 TO: TRANSFER AGENT ADVISORY COMMITTEE NO. 42-90 RE: SUMMARY OF SEPTEMBER 13, 1990 MEETING

As reported at the September 13th meeting, the status of each of the Advisory Committee's projects is described below.

1. Family Savings Account (FSA) Study Enclosed is a copy of the subcommittee report addressing the operational implications of servicing the proposed Bush Administration Family Savings Account (Transfer Agent Advisory Committee No. 25-90). Please forward any operational concerns to Donald O'Connor which will be considered by the ICI for comment in the event an FSA proposal becomes likely this year.
2. Confirmation Requirements Ralph Spuehler of Keystone will be sending a survey to the Advisory Committee members 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 legal department will be drafted (subject to Operations Committee approval).
3. Returned by Post Office (RPO) A task force was formed to update the Operations Committee RPO (returned by post office) Survey and further research the cost of processing RPO accounts. This task force will consider who should bear the burden of RPO charges (ie., all shareholders or RPO accounts only) and upon completion of their study, will suggest the appropriate recommendations to the Operations Committee and Legal Department to allow for the treatment of such costs. Members of the task force are: Cynthia Jones (Chairman) Colonial Mary Bolles Keystone Jim Olshefski DST Sharon Romm Delaware Group -2-
4. TA Signature Guarantee Requirements/Recommendations to ICI Mutual Insurance This task force will continue to examine the possibility of obtaining insurance coverage on certain financial and/or non-financial transactions that would allow fund groups to eliminate the requirements for signature guarantees and/or other legal requirements. The task force will proceed by analyzing the types of legal requirements that exist for certain transactions and reviewing the ICI Mutual policy coverage for such items. Based on the analysis performed, the task force will recommend which transactions are candidates for elimination of signature guarantees. Also the group will suggest the procedures that each mutual fund complex should be required to follow. Mr. O'Connor will present the recommendations of the Task Force to the ICI Mutual Underwriting Committee for further insurance coverage consideration. Members of this task force are: Vinny Marra (Chairman) Prudential Cynthia Jones Colonial Liz Conrad TSSG Valerie Hugo Alliance Mark Rayford T. Rowe Price Bob Blucke Fidelity Barbara Hennigar Oppenheimer Larry Maffia Stein Roe & Farnham
5. Transfer of Assets Survey The task force assigned to this project has circulated a transfer of assets survey to 16 member firms to gather data regarding all transfer requests (both

incoming and outgoing) received during the month of July, 1990. The survey requested participants complete their responses by October 15, 1990 for the survey period ending September 30, 1990 (90 days). A reminder notice was mailed by the task force to survey participants regarding this deadline. The results of this survey should determine the length of time it takes various institutions to transfer assets. All responses will be kept confidential and the aggregate results will be presented in the ICI's response letter to the SEC regarding this matter.

6. Tax Basis Accounting For Shareholders This task force is responding to the Institute's request for a cost estimate of implementing share basis information to redeeming shareholders. At the present time, a legislative proposal appears unlikely. The task force has reviewed the IDS methodology as part of their analysis and will be compiling their -3- cost estimate in the near future. Barbara Moulding will be distributing a project status report and the IDS presentation materials to the Advisory Committee members. Committee members expressed an interest in having IDS repeat its presentation at the next Advisory Committee meeting.

7. 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. Upon completion and issuance of the 1989 Transfer Agent Study report, a task force will be formed to evaluate future transfer agent surveys and will incorporate the ad-hoc group's research on regulatory costs. Members of the ad-hoc group are: Jack Kutner (Chairman) TSSG Timothy Hayes Fidelity Jim Olshefski DST Ralph Spuehler Keystone Barbara Hennigar Oppenheimer

8. Stock Certificate Survey The Advisory Committee members agreed to complete a short survey on the percentage of shares held in book versus physical form. The data results will be reported to the Operations Committee and the Ad-Hoc Committee recently formed to assist the Institute's work with the "Group of Thirty". The survey will be circulated by the ICI in the near future and the results reported to the Advisory Committee. ----- With your involvement and your cooperation on these projects, we can continue to be effective as an Advisory Committee to the Operations Committee and as an industry group. Thank you for your attention and participation. William H. Smith Chairman Enclosure