

MEMO# 4283

November 25, 1992

INSTITUTE LETTER ON NASD PROPOSAL TO EXEMPT CERTAIN BULK EXCHANGE OF MONEY MARKET FUNDS FROM NEGATIVE CONSENT RULE

November 25, 1992 TO: SEC RULES COMMITTEE NO. 89-92 BROKER/DEALER ADVISORY
COMMITTEE NO. 39-92 RE: INSTITUTE LETTER ON NASD PROPOSAL TO EXEMPT CERTAIN
BULK EXCHANGE OF MONEY MARKET FUNDS FROM NEGATIVE CONSENT RULE

_____ The Institute submitted the attached letter on the NASD's proposal to exempt certain bulk exchanges of money market funds (i.e., mergers and acquisitions of funds, changes of clearing members and exchanges of funds used in sweep accounts) from the negative consent rule contained in Article III, Section 15 of the NASD Rules of Fair Practice. The SEC had recently published a notice soliciting comment on the NASD's proposal. (See Memorandum to SEC Rules Committee No. 85-92 and Broker/Dealer Advisory Committee No. 36-92, dated November 6, 1992.) In its letter, the Institute expressed strong support for the proposed exemption. We asserted that the proposed exemption would avoid the imposition of unnecessary time delays and additional expenses on shareholders in connection with these exchanges without compromising investor protections. We will keep you informed of developments. Amy B.R. Lancellotta Associate Counsel Attachment