

MEMO# 3700

May 12, 1992

OFFSHORE FUNDS AS ASSOCIATE PERSONS OF THE INSTITUTE

May 12, 1992 TO: BOARD OF GOVERNORS NO. 33-92 RE: OFFSHORE FUNDS AS ASSOCIATE PERSONS OF THE INSTITUTE _____ The Executive Committee recommends the adoption of an amendment to the Institute's by-laws that would allow offshore funds that are advised by a member of the Institute or an affiliate thereof to become an Associate Person of the Institute. A number of members of the Institute sponsor offshore investment companies (i.e., non-SEC registered funds that offer their shares abroad). Some of these members have asked ICI Mutual to extend insurance coverage to include their offshore funds. ICI Mutual has decided it will extend such coverage on a case-by-case basis; however, ICI Mutual and ICI have previously agreed that ICI Mutual will require all funds insured by it to be members of the Institute. In light of that policy and the probability that the Institute will provide a variety of informational and statistical services to offshore funds in the future, the Executive Committee has determined that it would be appropriate to offer associate person membership to such funds. Because the services that the Institute could perform for these foreign funds would, at least initially, be considerably more limited than those provided to U.S.-registered funds, the Institute will offer such funds Associate Person status under a modest dues scale similar to that in effect for Investment Adviser Associate members. The proposed dues scale is as follows:

Aggregate Assets of Offshore Funds in a Group	Dues
\$0 - 100 million	\$300
\$100 - 1,000 million	\$600
Over \$1,000 million	\$1,200

The by-laws amendment to allow this will provide that no offshore fund advised by a member adviser or an affiliate of such adviser may become an Associate Person of the Institute unless all offshore funds under common control with that fund are also Associate Persons. This is consistent with the current requirement in Article III, Section 7 of the by-laws, that no U.S.-registered fund may become a Member unless all U.S.-registered funds under common control with that fund are also Members. The corporation law of Delaware, the state in which the Institute is incorporated, provides that amendments to a certificate of incorporation and by-laws must be submitted to the members of the Board of Governors with a resolution of the corporation's board setting forth the amendments and the advisability of their adoption. If approved by the Board of Governors, the proposed amendment to the by-laws will be submitted to a vote of the members in accordance with Article XIX of the Institute's by-laws. C. Richard Pogue
Executive Vice President Attachment