

MEMO# 1949

June 4, 1990

INSTITUTE DRAFT RESPONSE TO STAFF MEMO ON YIELD PROPOSAL

June 4, 1990 TO: UNIT INVESTMENT TRUST COMMITTEE NO. 25-90 RE: INSTITUTE DRAFT
RESPONSE TO STAFF MEMO ON YIELD PROPOSAL

_____ As we previously informed you, the SEC Division of Investment Management has sent a memorandum to the Institute, questioning various aspects of its proposed standard yield formula, ELTR. (See Memorandum to Unit Investment Trust Committee No. 19-90, dated April 27, 1990.) Attached is a copy of a draft of the Institute's response to the memorandum. The response argues that unit trusts should compute their yield in a manner similar to mutual funds. It notes that three of the elements of the ELTR formula about which the staff raised questions -- treatment of the sales charge, compounding and failure to time-weight -- are treated in the same way as under the mutual fund formula. The letter also addresses other points raised in the staff memorandum. The Institute's response has been promised to the staff by July 1. If you have any comments, please call me by Friday, June 15. Craig S. Tyle Associate General Counsel Attachment

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