

MEMO# 5626

March 1, 1994

INSTITUTE'S DRAFT COMMENT LETTER ON PROXY RULE AMENDMENTS

March 1, 1994 TO: CLOSED-END FUND COMMITTEE NO. 4-94 SEC RULES COMMITTEE NO. 24-94 RE: INSTITUTE'S DRAFT COMMENT LETTER ON PROXY RULE AMENDMENTS

Attached for your review is a draft comment letter to the SEC concerning the proposed amendments to the investment company proxy rules that we previously sent to you. (See Memorandum to Closed-End Fund Committee No. 28-93 and SEC Rules Committee No. 114-93, dated December 23, 1993.) The draft letter generally supports the SEC's proposal, which incorporates most of the recommendations made by the Institute in a 1986 submission to the Division of Investment Management. The letter also suggests modifications to certain proposed amendments that were not addressed in the Institute's 1986 submission. These changes mainly are designed to narrow the scope and/or clarify the application of the proposed requirements, to ensure that they will result in relevant disclosure that is not overly burdensome to prepare. With respect to the proposed disclosure of the aggregate compensation fund directors receive for their service on multiple boards within a fund complex, the letter takes issue with any implication by the SEC's proposing release that such compensation compromises the directors' independence. Comments on the SEC's proposal must be filed by March 18. Please contact me at (202) 326-5822 by Tuesday, March 15 if you have any comments on the attached draft letter. Frances M. Stadler Associate Counsel Attachment

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