

MEMO# 5688

March 17, 1994

STATEMENT OF ANTITRUST POLICY AND COMPLIANCE GUIDELINES

1March 17, 1994 TO: ACCOUNTING/TREASURERS COMMITTEE NO. 11-94 CLOSED-END FUND COMMITTEE NO. 6-94 CONTRACTUAL PLANS COMMITTEE NO. 2-94 DIRECT MARKETING COMMITTEE NO. 6-94 FEDERAL LEGISLATION COMMITTEE NO. 7-94 INDUSTRY STATISTICS COMMITTEE NO. 5-94 INTERNATIONAL COMMITTEE NO. 6-94 INVESTMENT ADVISERS COMMITTEE NO. 22-94 OPERATIONS COMMITTEE NO. 7-94 PENSION COMMITTEE NO. 9-94 PUBLIC INFORMATION COMMITTEE NO. 10-94 RESEARCH COMMITTEE NO. 8-94 SALES FORCE MARKETING COMMITTEE NO. 7-94 SEC RULES COMMITTEE NO. 33-94 SHAREHOLDER COMMUNICATIONS COMMITTEE NO. 6-94 SMALL FUNDS COMMITTEE NO. 3-94 STATE LIAISON COMMITTEE NO. 23-94 TAX COMMITTEE NO. 10-94 UNIT INVESTMENT TRUST COMMITTEE NO. 20-94 RE: STATEMENT OF ANTITRUST POLICY AND COMPLIANCE GUIDELINES

Enclosed is a copy of the Institute's Statement of Antitrust Policy and Compliance Guidelines, which is being distributed to all Institute members and representatives on standing committees of the Institute. The adoption of the statement of policy and guidelines is the culmination of a review of antitrust issues that the Institute and its special antitrust counsel undertook in response to the direction of the Institute's Board of Governors. Although the Institute has consistently reviewed its activities to ensure compliance with the antitrust laws, the Board felt that a thorough review of the Institute's practices was in order. Based on such review, the Institute's counsel determined that the Institute is and has been in compliance with the antitrust laws. In addition, they recommended that the Institute adopt a formal statement of antitrust policy, as well as detailed compliance guidelines. At its most recent meeting, the Institute's Board adopted the Statement of Policy and directed that the Compliance Guidelines be implemented. The Institute believes that all of its members should be familiar with the guidelines and should take them very seriously. While the activities of the Institute are wholly legitimate, antitrust concerns can arise for any trade association since, by its very nature, a trade association consists of competitors acting together on a variety of matters. In addition, the penalties for violating antitrust law are quite severe. A brief summary of the guidelines follows: 1. General. The guidelines include a summary of the antitrust laws and how they can apply to trade association members. Examples are given of practices 2that constitute per se violations of the antitrust laws. A brief description of enforcement and penalties under the antitrust laws is also provided. 2. Specific Conduct to be Avoided. The guidelines set forth four specific rules: (1) do not reach agreement, express or implied, to fix, stabilize, or otherwise tamper with the price of goods and services (or any price-related aspect of competition), (2) do not take any joint action that would discriminate against or disadvantage a competitor, (3) avoid any activity that has the appearance of allocating customers, sales territories or products, and (4) avoid any activity that could be interpreted as an agreement not to deal with a particular service provider or

to deal with service providers only on specific terms. The guidelines contain specific recommendations for members to help them to avoid engaging in conduct that could be (or be viewed as) a violation any of the above rules. 3. Compliance Procedures. The guidelines set forth certain procedures to be followed to aid the Institute in its antitrust compliance efforts. These include procedures for committee meetings, documents prepared by or on behalf of the Institute, agenda, minutes, etc. 4. Specific Institute Activities. The guidelines also describe antitrust considerations relevant to certain specific Institute activities, such as contacts with government officials, data collection, etc. The foregoing summary is not intended to be a substitute for the guidelines themselves and we strongly urge all employees of member firms engaged in Institute activities to read them. In addition, since antitrust compliance is an ongoing effort, we ask that our members take steps to ensure that employees who become involved in Institute activities in the future are made aware of the guidelines. We have additional copies of the guidelines available; if you would like more copies, please call Betsy Teter at 202/326-5838. We will discuss implementation of the guidelines at upcoming meetings of Institute committees. In general, questions concerning the guidelines may be directed to me at 202/326-5810 or to Craig Tyle at 202/326-5815. Paul Schott Stevens General Counsel Enclosure

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