

MEMO# 19233

October 7, 2005

NASDAQ PROPOSAL REGARDING LISTING FEES; YOUR VIEWS REQUESTED BY OCTOBER 12TH

©2005 Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice. [19233] October 7, 2005 TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 34-05 RE: NASDAQ PROPOSAL REGARDING LISTING FEES; YOUR VIEWS REQUESTED BY OCTOBER 12TH The Securities and Exchange Commission has published for comment a Nasdaq proposal that would reduce the listing fees for all closed-end funds, and annual fees for most closed-end funds, listing on the Nasdaq SmallCap Market.¹ Comments on the proposal are due to the SEC no later than October 24, 2005. The Institute is considering whether to submit a comment letter on the proposal. Please provide any comments you would like us to consider including in such a letter by email (ddonohue@ici.org) or phone (202. 218-3563) no later than Wednesday, October 12th. The proposed new listing fee for closed-end funds of \$5,000 would replace the current listing fees that range from \$25,000 to \$50,000. Currently, each fund listed on the SmallCap Market is assessed a separate annual fee. Under the proposal, fund sponsors would be permitted to aggregate the shares outstanding of all closed-end funds that are part of a single fund family and that are listed on either the Nasdaq National Market or the SmallCap Market. There would be a minimum annual fee of \$15,000 and a maximum fee of \$75,000. The Release states that although an individual fund listing on the SmallCap Market with over 25 million shares outstanding would be subject to an increase in annual fees under the proposal, Nasdaq believes that the benefits of substantially lower listing fees and the ability of fund families to aggregate shares across the markets outweigh the burden to funds of the fee increase. By proposing annual fees for closed-end funds listed on the SmallCap Market that are identical to the annual fees recently adopted for closed-end funds listed on the National Market,² Nasdaq believes that problems that could arise for fund families listing on both the 1 See SEC Release No. 34-52515 (September 27, 2005), [70 FR 57638 (October 3, 2005)] ("Release"). 2 See Memorandum to Closed-End Investment Company Members No. 47-05 [19117], dated August 23, 2005. 2 markets would be minimized. The Release also states that the new fee schedule would permit Nasdaq to compete more effectively with other markets for closed-end fund listings. Dorothy M. Donohue Associate Counsel

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