

MEMO# 9281

September 26, 1997

ICI COMMENT LETTER ON REVISED NASD NON-CASH COMPENSATION PROPOSAL

* See Memorandum to Closed-End Investment Company Committee No. 33-97, SEC Rules Committee No. 91-97 and Unit Investment Trust Committee No. 57-97, dated September 17, 1997. [9281] September 26, 1997 TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 35-97 SEC RULES COMMITTEE No. 93-97 UNIT INVESTMENT TRUST COMMITTEE No. 59-97 RE: ICI COMMENT LETTER ON REVISED NASD NON-CASH COMPENSATION PROPOSAL

The Institute has filed with the Securities and Exchange Commission the attached comment letter concerning the NASDs revised non-cash compensation proposal. The letter is substantially similar to the draft that we recently circulated to you.* The letter generally supports the proposal, but recommends that the NASD reinstate a provision concerning payments of cash incentives directly to associated persons of an NASD member. The letter states that these payments raise the same concerns, and should be treated the same, as awards of non-cash compensation to individual representatives. In addition, the letter: reiterates the Institutes recommendation that the proposal be revised to permit NASD members to create in-house incentive programs that focus on a designated broad investment objective or category, rather than including all investment company securities sold by the member; supports an explanation in the proposing release of the provision concerning determinations of attendance at training and education meetings; recommends that NASD members be permitted to make contributions to non-NASD members in-house incentive programs that comply with the rule amendments; and makes certain technical suggestions concerning the proposed implementation of the rule amendments. Frances M. Stadler Associate Counsel Attachment (in .pdf format)