

MEMO# 20696

December 15, 2006

ICI Letter Reiterates ICI's Support of Unqualified Opinions for Municipal Bonds

©2006 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. [20696] December 15, 2006 TO: ADVISER DISTRIBUTOR TAX ISSUES TASK FORCE No. 14-06 FIXED-INCOME ADVISORY COMMITTEE No. 12-06 MONEY MARKET FUNDS ADVISORY COMMITTEE No. 8-06 TAX MEMBERS No. 49-06 RE: ICI LETTER REITERATES ICI'S SUPPORT OF UNQUALIFIED OPINIONS FOR MUNICIPAL BONDS The Institute has submitted a letter to the Internal Revenue Service and the Treasury Department (attached) regarding the standards for tax disclosures in municipal bond opinions. The letter reiterates the Institute's support for proposed regulations¹ that would except from the Circular 230 rules applicable to covered opinions unqualified opinions regarding the tax-exempt status of municipal bond interest. As noted in previous Institute submissions, ² short, unqualified tax opinions are critical for buy-side investors. The letter also responds to proposals advanced by others that discretionary exceptions be provided for certain municipal bond opinions and for opinions "not directed to the bondholder." Lisa Robinson Associate Counsel Attachment 1 See Institute Memorandum (18351) to Fixed-Income Advisory Committee No. 14-04, Money Market Funds Advisory Committee No. 15-04 and Tax Committee No. 39-04, dated December 20, 2004; and Institute Memorandum (18356) to Tax Members No. 50-04, dated December 20, 2004. ² See Institute Memorandum (18610) to Fixed-Income Advisory Committee No. 8-05, Money Market Funds Advisory Committee No. 6-05 and Tax Members No. 4-05, dated March 3, 2005; and Institute Memorandum (17204) to Fixed-Income Advisory Committee No. 5-04, Money Market Funds Advisory Committee No. 6-04 and Tax Members No. 16-04, dated March 18, 2004. ² Attachment (in .pdf format)