

MEMO# 9366

October 24, 1997

DRAFT LETTER ON CALCULATION OF EXPENSE RATIO

[9366] October 24, 1997 TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 39-97
RE: DRAFT LETTER ON CALCULATION OF EXPENSE RATIO

_____ We understand that the SEC plans to issue shortly a generic comment letter that will suggest that the value of any preferred shares outstanding should be excluded from average net assets when calculating the funds expense ratio to be included in the funds financial highlights table. Attached is a draft letter which suggests that funds should continue to be able to include the value of preferred shares when calculating their expense ratio, consistent with the current requirements of Form N-2. As discussed at the Committees October 23 meeting, the SEC staff plans to issue the generic comment letter in the next several days. Accordingly, please call the undersigned (202/326-5851) with any comments on the draft letter by close of business on Monday, October 27. Gregory M. Smith Director - Operations/ Compliance & Fund Accounting Attachment (in .pdf format)

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