

**MEMO# 4441**

January 21, 1993

## **FEBRUARY 9 MEETING TO DISCUSS FUND LIQUIDITY STANDARDS**

January 21, 1993 TO: SEC RULES COMMITTEE NO. 6-93 RE: FEBRUARY 9 MEETING TO DISCUSS FUND LIQUIDITY STANDARDS

As you know, several months ago, the SEC issued a release proposing rules and rule amendments to create procedures for the repurchase and redemption of shares of closed-end funds and open-end funds on a periodic basis. (See Memorandum to SEC Rules Committee No. 52-92, dated August 3, 1992.) In that release, the SEC proposed certain conditions which would apply to these "Closed-End Interval Funds" and "Open-End Interval Funds," respectively. Among other things, interval funds would be subject to specific liquidity requirements designed to ensure that they would be in a position to meet their periodic repurchase or redemption policies. The Institute filed a comment letter with the SEC in November suggesting several revisions to the proposed liquidity requirements for interval funds. (See Memorandum to SEC Rules Committee No. 84-92, dated November 6, 1992.) However, in connection with the SEC's proposals, Institute members have expressed more general concerns about the liquidity standard for traditional open-end funds. In this regard, it has been suggested that the Institute consider addressing these issues with the SEC while the interval funds proposals remain pending. Therefore, the Institute has scheduled a meeting to discuss issues relating to liquidity standards for mutual funds, to be held on Tuesday, February 9 at 10:00 a.m. in the Institute's David Silver Conference Room. Lunch will be served following the meeting. Please call Laura Pawlowski at (202) 955-3515 to let her know if you will attend. Craig S. Tyle Vice President-Securities