

MEMO# 10938

April 28, 1999

SIA PROPOSES AMENDMENT TO SECTION 17(A) OF THE INVESTMENT COMPANY ACT

[10938] April 28, 1999 TO: BOARD OF GOVERNORS No. 35-99 RE: SIA PROPOSES AMENDMENT TO SECTION 17(a) OF THE INVESTMENT COMPANY ACT

The Securities Industry Association recently submitted to Senate Banking Committee Chairman Phil Gramm a package of proposed amendments to the federal securities laws. (A copy of the proposals is attached.) Included at pages 11-12 is an amendment to Section 17(a) of the Investment Company Act of 1940, to permit an affiliate of a mutual fund to engage in principal transactions with the fund where the fund has adopted policies designed to determine that the price reflects current market value and the transaction reflects such value. The Institute has sent the attached letter to the SIA expressing the Institute's strong opposition to the proposed amendment. This matter will be discussed at the next Board of Governors meeting on Friday, May 7th. Matthew P. Fink President Attachments

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