

MEMO# 2079

August 2, 1990

SEC APPROVES PUBLICATION OF NOTICE OF APPLICATION OF SUPERTRUST PRODUCT FOR 1940 ACT EXEMPTIONS

August 2, 1990 TO: SEC RULES COMMITTEE NO. 40-90 UNIT INVESTMENT TRUST
COMMITTEE NO. 34-90 RE: SEC APPROVES PUBLICATION OF NOTICE OF APPLICATION OF
SUPERTRUST PRODUCT FOR 1940 ACT EXEMPTIONS

On July 25, 1990, following the recommendation of the Division of Investment Management, the SEC approved the publication of a notice of the application of The SuperTrust for Capital Market Fund, Inc. Shares ("Trust"), Capital Market Fund, Inc. ("Fund") and SuperShare Services Corporation for an order of exemption from Sections 4(2) and 22(d) of the 1940 Act and Rule 22c-1 thereunder, and an order pursuant to Sections 11(a) and 11(c) of the 1940 Act. A copy of the notice as published in the Federal Register is attached. The Fund is an open-end investment company consisting initially of the Index Series (which will invest in common stocks intended to match the performance of the S&P 500 index) and the Money Market Series. The Trust is a unit investment trust that will consist initially of the Index Trust for Index Shares ("Index Trust") and the Money Market Trust for Money Market Shares ("Money Market Trust"). Each will offer redeemable units of beneficial interest ("SuperUnits") and will invest in shares of the corresponding series of the Fund. At the owner's option, each Index Trust SuperUnit may be separated into two "SuperShares" with different attributes: an Appreciation SuperShare and a Priority SuperShare. Similarly, a Money Market Trust SuperUnit may be separated into a Protection SuperShare and an Income and Residual SuperShare. SuperShares cannot be redeemed separately, but complementary SuperShares may be recombined and redeemed. It is anticipated that the SuperUnits will be listed for trading on the American Stock Exchange and the SuperShares listed on the Chicago Board Options Exchange. Pursuant to the terms of a proposed exchange offer, Fund shareholders could exchange their shares for SuperUnits on the basis of relative net asset values plus any applicable deposit fee. The applicants request an exemption from Section 4(2) of the 1940 Act, which defines a "unit investment trust" as an investment company that "issues only redeemable securities, each of which represents an undivided interest in a unit of specified securities...", because as noted above, the SuperUnits may be divided into separate components that are not redeemable. Relief from Rule 22c-1 and Section 22(d) is requested to permit dealers to trade SuperUnits in the secondary market at market prices. Finally, the applicants seek an order pursuant to Sections 11(a) and 11(c) of the 1940 Act approving exchange of Fund shares for SuperUnits pursuant to a proposed exchange offer. If a hearing is not requested by August 22, the orders will be issued. If you would like the Institute to take any action, please contact me as soon as possible. Frances M. Stadler
Assistant General Counsel Attachment

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