

**MEMO# 3797**

May 26, 1992

## **INDIANA APPLYING CSAC EXPENSE LIMITATIONS**

May 26, 1992 TO: STATE SECURITIES MEMBERS NO. 26-92 RE: INDIANA APPLYING CSAC EXPENSE LIMITATIONS \_\_\_\_\_ The Institute has been advised by certain of its members that the Indiana Securities Division has been applying the expense limitation contained in the Central Securities Administrators Council Statements of Policy on Open-End Investment Companies. As you know, this provision limits the expenses of a fund to 1.5% of net assets up to \$30 million. The Institute wrote to the Securities Division requesting that the Securities Division formally repeal application of the expense limitation. The Institute informed the Securities Division that a study conducted by two state securities associations concluded that there was no empirical basis to support the imposition of an expense limitation as a protective device for investors and that such limitations were, in fact, counterproductive from the standpoint of investor protection. A copy of the Institute's letter is attached. We will be scheduling a meeting with the staff of the Securities Division to discuss the Division's application of the CSAC guidelines in the near future and will keep you advised of developments. Patricia Louie Assistant General Counsel Attachment