

MEMO# 3603

March 18, 1992

STATUS OF COMMITTEE PROJECTS

March 18, 1992 TO: TRANSFER AGENT ADVISORY COMMITTEE NO. 13-92 RE: STATUS OF COMMITTEE PROJECTS _____ The status of each of the Transfer Agent Advisory Committee's (TAAC) outstanding projects are summarized below.

1. Confirmation Requirements Task Force The Confirmation Requirements Task Force, chaired by Ralph Spuehler of Keystone, completed a survey last year (see TAAC Memorandum No. 37-91 for detailed results) which gathered data with respect to fund groups' confirmation procedures (for money market and non-money market funds) and their willingness to reduce confirmation mailings for certain transaction types. Based upon the survey results, the Institute submitted a letter to the Securities and Exchange Commission's Division of Market Regulation regarding the confirmation delivery requirements of Rule 10b-10 (see TAAC Memorandum No. 3-92). Specifically, the letter suggests that an amendment to or interpretation of Rule 10b-10 to permit quarterly confirmation of automatic dividend reinvestment transactions in investment company shares would make possible the elimination of millions of confirmations annually, and would result in cost savings to funds and their shareholders without sacrificing investor protection. The letter also asks the staff to confirm the Institute's view that automatic investment plans and systematic withdrawal plans are "investment company plans" as defined in the rule. The staff of the Division of Market Regulation advised the Institute (before the submission of the above letter) that they intend to recommend that the Commission propose amendments to Rule 10b-10 along these same lines in the near future. Therefore it would be unlikely that they would grant a request for an industry-wide exemption or a no-action position at this time. As a result, the Institute's letter stated that it was submitted to assist the staff in expediting the consideration of proposed amendments to Rule 10b-10, and requests that the staff reconsider granting industry-wide relief if the proposed amendments are not imminent.

-2- 2. Legal Requirements Task Force This task force, co-chaired by Cynthia Jones of Colonial and Janet A. Clifford of MFS, has analyzed various legal requirements that exist for certain types of transactions, taking into consideration the ICI Mutual Insurance policy coverage available for such items. Based on their review, a series of recommendations were forwarded to and discussed at the last ICI Mutual Underwriting Committee meeting. The Underwriting Committee has decided to form an ad-hoc group consisting of members of the ICIM Underwriting Committee and Transfer Agent Advisory Committee which includes the following individuals: Bob Galli - Oppenheimer Ken Cutler - Lord Abbett Jeanette Fisher-Garber - Federated Cynthia Jones - Colonial Jan Clifford - MFS Bill Smith - Pioneer The ad-hoc group will meet on an as needed basis, to address operations/transfer agency legal requirements issues and to formulate recommendations to the ICIM Underwriting Committee with respect to insurance coverage. The group's first meeting will be held on April 10, 1992, where the Legal Requirements Task Force's previous recommendations will be reviewed in detail.

3. Transfer of Assets Survey The first Transfer of Assets Survey was conducted last year and the results indicated that there were

numerous reasons why IRA transfer requests received were not in good order. Because no discernible trends for the deficiencies noted were established, the Transfer Agent Advisory Committee agreed to have this subcommittee, chaired by Jan Clifford of MFS, conduct a second survey of Incoming and Outgoing IRA Transfers. The second survey (Phase II) was designed to collect more specific data regarding both the deficiencies that exist and the timeliness of monies transferred. A pilot group (consisting of eight fund groups previously surveyed in Phase I) has been surveyed for transfers occurring during the month of November 1991. The Phase II survey results and the Subcommittee's recommendations to improve transfers of assets will be presented at the April 9, 1992 Transfer Agent Advisory Committee meeting.

-3- 4. Analysis of Signature Guarantee Standards A special meeting of the Transfer Agent Advisory Committee was held on January 31, 1992 in Washington, DC, to identify problems and discuss compliance options in connection with new Rule 17Ad-15 under the Securities Exchange Act of 1934 regarding acceptance of signature guarantees. The rule was effective February 24, 1992. (For a copy of the final rule, see TAAC Memorandum No. 2-92. For a synopsis of the rule and summary of the January 31, 1992 meeting, see TAAC Memorandum No. 7-92.) Participants at the January 31 meeting agreed to provide copies of their written standards to the Institute when they were completed, so that an analysis may be performed to determine if there are any generally accepted approaches and associated language. To date written standards have only been received from two fund groups. Therefore, we would like to request that participants of the January 31 meeting please forward copies of their written standards to the Institute (to either Don Boteler or Kathy Joaquin by mail or by fax: 202/293-1058) as soon as possible. An analysis of the written standards received will be presented at the next Transfer Agent Advisory Committee meeting. ***** A meeting agenda for the April 9, 1992 Transfer Agent Advisory Committee meeting, which will be held starting at 9:30 a.m. at the Capital Hilton Hotel located at 16th and K streets, NW, Washington, DC, will be mailed by the Institute to Committee members in the near future. Kathleen C. Joaquin Director-Operations/ Fund Accounting