

MEMO# 3383

December 20, 1991

INSTITUTE LETTER TO NASD ON MATCHING SERVICE FOR LOAD FUNDS

December 20, 1991 TO: SEC RULES COMMITTEE NO. 75-91 RE: INSTITUTE LETTER TO NASD
ON MATCHING SERVICE FOR LOAD FUNDS

As you may know, a San Diego based discount broker has established a system for matching buy and sell orders for shares of mutual funds that assess sales loads. Customers that place orders through the system are not assessed sales loads; purchase orders carry a flat transaction fee of \$200, while customers who redeem receive the redemption price plus \$100. Transactions are not executed until there are matching buy and sell orders. The discount broker has applied to list its bid and offer quotations on the NASD's electronic Bulletin Board. Attached is a copy of a letter submitted by the Institute to the NASD concerning the broker's application. The letter states that the application appears to threaten the scheme for regulating distribution of mutual fund shares established under Section 22(d) of the Investment Company Act and may raise other investor protection issues. The letter recommends that the NASD refer the application to its Investment Companies Committee to consider these issues before taking any final action. We will keep you informed of developments. Craig S. Tyle Deputy General Counsel Attachment

Source URL: <https://icinew-stage.ici.org/memo-3383>

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.