

MEMO# 3804

May 26, 1992

SEC APPROVES AMENDMENT TO NYSE PROXY VOTING REQUIREMENTS FOR INITIAL APPROVAL OF MANAGEMENT AGREEMENT

May 26, 1992 TO: BOARD OF GOVERNORS NO. 38-92 SEC RULES MEMBERS NO. 20-92
CLOSED-END FUND MEMBERS NO. 26-92 RE: SEC APPROVES AMENDMENT TO NYSE PROXY
VOTING REQUIREMENTS FOR INITIAL APPROVAL OF MANAGEMENT AGREEMENT

_____ The Institute is pleased to inform you that the SEC has approved an amendment to the New York Stock Exchange's interpretation of its rule governing proxy voting (Rule 452) to allow member organizations to give a proxy to vote fund shares held in "street name" without client instructions on the initial approval of the investment management agreement. The Institute had submitted a request in July 1990 to the NYSE to change its interpretation of this Rule, which precluded member firms from voting on this matter without customer instructions. To avoid any potential conflict of interest when the investment adviser and the member firm are affiliated, the change to Rule 452 requires that, in such cases, the member firm vote in the same proportion as represented by the votes received from all other record holders. In addition, broker-dealers who are members of the NASD, but not of the NYSE, will continue to be precluded from voting on the initial approval of the advisory agreement without customer instructions, unless the firm is a member of another national securities exchange that has similar rules on this subject. Finally, the rule change only applies to the initial approval of the advisory agreement. Thus, member firms will continue to be prohibited from voting a proxy on any material amendments to investment advisory agreements or other matters deemed to be "non-routine" by the NYSE without specific client instructions. A copy of the SEC release approving the change to NYSE Rule 452 is attached. Amy B.R. Lancellotta Associate Counsel Attachment