

MEMO# 1574

December 5, 1989

NASD PROPOSAL REQUIRING DISCLOSURE OF CDSL ON CONFIRMATION STATEMENT

December 5, 1989 TO: BOARD OF GOVERNORS NO. 72-89 SEC RULES MEMBERS NO. 65-89
RULE 12b-1 AD HOC COMMITTEE RE: NASD PROPOSAL REQUIRING DISCLOSURE OF CDSL
ON CONFIRMATION STATEMENT

The NASD has proposed an amendment to its Rules of Fair Practice to require disclosure on confirmations when an investment company imposes a deferred sales load on redeemed shares. Attached is a copy of the proposed amendment. The purpose of the amendment is to ensure that investors who rely on the oral representations of brokers and do not study the prospectus are aware of the possibility of a sales load upon redemption. The NASD Board of Governors believes that disclosure on confirmations will help alert investors to the possibility of a sales charge before paying for their shares. The comment period for the proposed amendment ends on January 2, 1990. Please provide me with any comments that you may have by December 22, 1989. Amy B. Rosenblum Assistant General Counsel
Attachment