

**MEMO# 2114**

August 13, 1990

## **PRICING DIFFICULTIES EXPERIENCED ON AUGUST 13, 1990**

August 13, 1990 TO: MEMBERS - ONE PER COMPLEX NO. 33-90 RE: PRICING DIFFICULTIES  
EXPERIENCED ON AUGUST 13, 1990

Questions have been raised regarding the fire-related power failure affecting the ability to obtain complete prices for securities traded on the New York and American Stock Exchanges and in the NASDAQ market. The SEC staff has confirmed that the situation is covered by Investment Company Act Release No. 14459 (June 6, 1985) which provides, in relevant part, that: "...where a fund is unable, due to emergency conditions, to complete the mechanical process of pricing on a day when it would normally be required to do so under Rule 22c-1, the price for that day may be calculated subsequently and applied to sales, redemptions, and repurchases that were in fact received in the mail or otherwise on that same day. "...The fund is expected to make every effort to price investor orders for purchase and redemption on the day the order is actually received, and to establish procedures so as to reasonably be able, following an emergency closing, to insure that investor orders can be given the price that, but for the emergency, would have been computed on the day of actual receipt. Nonetheless, if the fund is unable to segregate orders received on the emergency closed day from those received on the next day the fund is open for business, the fund may give all these orders the next price calculated after operations resume." Donald E. O'Connor Vice President, Operations

---

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.