

**MEMO# 20610**

November 27, 2006

## **Model Contractual Clauses for Use With Agents of Financial Intermediaries Under the SEC's Redemption Fee Rule**

©2006 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. [20610] November 27, 2006 TO: BROKER/DEALER ADVISORY COMMITTEE No. 46-06 BANK, TRUST AND RECORDKEEPER ADVISORY COMMITTEE No. 34-06 RE: MODEL CONTRACTUAL CLAUSES FOR USE WITH AGENTS OF FINANCIAL INTERMEDIARIES UNDER THE SEC'S REDEMPTION FEE RULE As you know, in September the SEC approved revisions to the redemption fee rule, Rule 22c-2. One of these revisions permits funds subject to the rule to execute the required shareholder information agreement with an agent of a financial intermediary in lieu of executing the agreement directly with the intermediary. To assist those funds executing agreements with agents instead of with an intermediary, the Institute has drafted Model Contractual Clauses for Agents. These clauses were developed by adapting for this purpose the model contractual clauses we previously jointly developed with the Securities Industry Association. A copy of the Model Contractual Clauses for Agents is attached. As with the model contractual clauses previously published by the Institute and the SIA, the Model Contractual Clauses for Agents may be used as a stand-alone agreement with an intermediary's agent or as a supplement to an existing agreement. They have been drafted to be consistent with the requirements of Rule 22c-2 without addressing issues outside of the rule's requirements. As a result of the variety of business models and relationships in the industry, funds and financial intermediaries and their agents that elect to use the Model Contractual Clauses for Agents may wish to revise them as necessary to address their particular circumstances. At a minimum, the Model Contractual Clauses for Agents should be a useful resource to members in determining the issues to be addressed when executing a shareholder information agreement with the agent of a financial intermediary. Tamara K. Salmon Senior Associate Counsel Attachment (in .pdf format)