

MEMO# 19830

March 13, 2006

Rule 22c-2 Sample Mutual Fund Agreement Package for Intermediaries and DTCC Important Notice on Standardized Data Reporting Service

©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. [19830] March 13, 2006 TO: CHIEF COMPLIANCE OFFICER COMMITTEE No. 6-06 COMPLIANCE MEMBERS No. 15-06 OPERATIONS MEMBERS No. 7-06 PENSION MEMBERS No. 16-06 SEC RULES MEMBERS No. 27-06 SMALL FUNDS MEMBERS No. 21-06 RE: RULE 22C-2 SAMPLE MUTUAL FUND AGREEMENT PACKAGE FOR INTERMEDIARIES AND DTCC IMPORTANT NOTICE ON STANDARDIZED DATA REPORTING SERVICE The Institute's 22c-2 Standardized Data Reporting (SDR) Working Group¹ has put together the attached packet of information to assist members in communicating key information about the SEC's new redemption fee rule to financial intermediaries, including its requirement to have agreements in place by October 16, 2006.² We hope that this package will be a useful tool for members as they continue their efforts to comply with the new rule. The SDR Working Group also has completed its work with the Depository Trust & Clearing Corporation (DTCC) to create an automated facility for funds to request and receive, in a standardized format, shareholder trading information from intermediaries through DTCC's Networking Service. SAMPLE MUTUAL FUND AGREEMENT PACKAGE The mutual fund agreement packet is designed to provide members samples of documents for use as resources when communicating with intermediaries about the new rule's requirements and the fund's plan to implement those requirements. Accordingly, it includes, among other things: 1 The ICI's Bank, Trust and Recordkeeping Advisory Committee, Broker/Dealer Advisory Committee and the DTCC formed the SDR working group last year, consisting of funds, transfer agent service providers, banks/trusts, TPAs/recordkeepers and other service providers, with the goal of reducing the variety of methods, formats and associated processing costs for requesting and receiving shareholder transaction data as required under the new redemption fee rule. 2 The Securities and Exchange Commission has published for comment amendments to Rule 22c-2 the redemption fee rule. See ICI Memo No. 19800, dated March 3, 2006 and the SEC's Release for details. The SEC's Release is available at: <http://www.sec.gov/rules/proposed/ic-27255.pdf>. The SEC has sought comment on whether to extend this compliance date. Unless the compliance date is revised by the SEC, by October 16th fund boards must determine whether to impose a redemption fee and funds or their principal underwriters must have executed the required agreements with each of their financial intermediaries. 2 • Sample correspondence from funds to their

intermediaries; • The fund's agreement that is required under Rule 22c-2; • An executive summary of the rule; • An executive summary of federal and state privacy regulations prepared by the Institute's outside privacy counsel, which is intended to respond to privacy issues raised by intermediaries about the information sharing required by the rule; • Information for funds to insert regarding their short-term trading policies and expectations of the intermediary; and • Information on the standardized data reporting protocols that have been developed with DTCC to facilitate funds requesting and receiving shareholder identification and transaction information from their intermediaries. DTCC STANDARDIZED DATA REPORTING SERVICE DTCC announced on March 8, 2006 plans to enhance its Mutual Fund Networking Service in order to provide funds with a mechanism to request and receive shareholder trading data required under the redemption fee rule. The DTCC standardized data reporting service will enable funds and intermediaries to utilize standardized file formats for transmitting data through a secure facility. Details regarding this new functionality are outlined in DTCC's Important Notice Release A#6213, P&S #5783, which may be accessed via the DTCC website at <http://funds.dtcc.com/media/impntc/index8891.html>. The Important Notice also indicates that additional information on the new functionality is available in the "SDR User Guide - Technical Overview and Sample Scenarios" and "Standardized Reporting User Guide - Best Practices" documents. These documents, as well as the SDR record layouts, may be found on DTCC's Mutual Fund Services participant website at <http://funds.dtcc.com>. Questions regarding the DTCC SDR reporting service may be directed to DTCC Mutual Fund Services at 212-855-8877 or to your DTCC Relationship Manager. * * * * * Questions regarding the sample mutual fund agreement package may be directed to either of the undersigned, Kathy Joaquin (at kjoaquin@ici.org or 202-326-5930) or Tami Salmon (at tamara@ici.org or 202-325-5825). Tamara K. Salmon Kathleen C. Joaquin Senior Associate Counsel Director - Operations & Distribution Attachment (in .pdf format) Note: Not all recipients receive the attachment. To obtain a copy of the attachment, please visit our members website (<http://members.ici.org>) and search for memo 19830, or call the ICI Library at (202) 326-8304 and request the attachment for memo 19830.