

MEMO# 9066

July 16, 1997

REQUEST FOR SHAREHOLDER VOTING DATA

* The NYSE interprets Rule 452 to allow member organizations to vote investment company shares held in nominee name without customer instructions on the initial approval of an investment advisory agreement. See Memorandum to Board of Governors No. 38-92, SEC Rules Members No. 20-92, and Closed-End Fund Members No. 26-92, dated May 26, 1992. We would not be asking the NYSE to change this interpretation. July 16, 1997 TO: SEC RULES COMMITTEE No. 70-97 CLOSED-END INVESTMENT COMPANY COMMITTEE No. 26-97 RE: REQUEST FOR SHAREHOLDER VOTING DATA

_____ At past Committee meetings concern has been expressed with the effect of New York Stock Exchange Rule 452 on the ability of investment companies to obtain sufficient votes on "mergers, consolidations, or any other matter which may affect substantially the rights or privileges of such stock" (i.e., "non-routine matters"). That rule prohibits NYSE member firms from voting, without customer instructions, on non-routine items submitted to a vote of shareholders. Because the beneficial owners of investment company shares frequently choose not to exercise their voting rights, funds sometimes have difficulty in obtaining quorums for, and ultimate shareholder approval of, these matters. To address this problem, the Institute is considering asking the NYSE to interpret or amend Rule 452 to permit NYSE member organizations to vote "proportionately" (i.e., vote shares for which no instructions have been received from beneficial owners in the same "yes" and "no" proportions as that represented by the voting instructions received from all other beneficial owners) on non-routine matters.* We believe that it is critical that such a request be supported by hard empirical data showing funds difficulties in obtaining votes on non-routine matters and the resulting costs. To assist us in preparing a submission for the NYSE, please provide the information requested below to Liane Walker (by facsimile at 202/326-5827 or by e-mail at walker@ici.org) by August 14, 1997. 1. For each of the years 1994, 1995, 1996, and 1997, the total number of funds in your complex that held shareholder meetings (a) _____ and the number of meetings held by these funds over this time period (b) _____ (e.g., ten funds had shareholder meetings over this time period; five of the funds held one meeting over this time period and the other five funds had a meeting in each of the four years, the correct answer to 1(a) would be 10 and the correct answer to 1(b) would be 25). 2. Of the shareholder meetings identified in response to Question #1(b), the number of meetings that presented at least one matter to shareholders upon which NYSE members may not vote without customer instruction. _____. 3. For each of the shareholder meetings identified in response to Question #2, please provide the following information for all matters presented for a shareholder vote on a matter-by-matter basis. (You should provide data for each routine and non-routine matter.) An additional blank chart is attached to this memorandum if you need additional space to provide the requested information. You also

can provide the voting data requested by the first seven survey items by providing us with a copy of the tabulation of votes for each meeting prepared by the funds transfer agent or investment manager. Please supplement this as necessary (e.g., to provide the data requested by the last four survey items). If you have any questions regarding the survey, please contact Dorothy Donohue at 202/326-5821. Craig S. Tyle Vice President & Senior Counsel Attachment (in .pdf format)

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