

MEMO# 2461

January 10, 1991

INSTITUTE BY-LAW AMENDMENT REGARDING UIT DUES FORMULA

January 10, 1991 TO: BOARD OF GOVERNORS NO. 6-91 RE: Institute By-Law Amendment Regarding UIT Dues Formula _____

Attached is a resolution describing amendments to Sections 4(a) and 4(b) of Article V of the Institute's corporate by-laws. These sections deal with the membership dues of Unit Investment Trusts (UIT) sponsor-members. Last summer the UIT Standing Committee appointed a task force to evaluate the dues formula for UIT sponsor-members. The task force was charged with reviewing the formula and to make recommendations for changing the formula if it felt the formula contained inequities. After a very thorough analysis, the task force recommended the following changes to the dues formula: 1. Minimum dues be changed from a percentage of the total dues assessed (2%) to a dollar amount of \$15,000 2. Maximum dues be increased from 10% to 16% of the total UIT dues assessment The current formula has resulted in inequities at the lower and higher ends of the scale, with the sponsor-members in between frequently experiencing significant changes in their dues from year-to-year even though the change in deposits (on which the dues are based) does not merit dramatic swings in the dues of these mid level sponsor members. By increasing both the minimum and maximum amounts of dues, we will help ameliorate this problem. The recommended change in the dues formula has been presented to the thirteen (13) UIT sponsor-members for a vote to approve or disapprove the new formula. An overwhelming majority of the sponsor-members have approved the proposed dues formula. Based on this approval vote, the staff requests Board of Governors approval of the attached resolution at its meeting on January 30, 1991. Attached is a schedule showing the amount of dues for each sponsor member for the current fiscal year under both the present formula and the proposed formula. Tom Simmons Vice President-Administration Attachments: Dues Schedule Board Resolution

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