

MEMO# 4610

March 19, 1993

UPDATE ON MEETING WITH NASAA COMMITTEE ON PROPOSED TELEPHONE TRANSACTION GUIDELINES

March 19, 1993 TO: OPERATIONS COMMITTEE NO. 12-93 SEC RULES COMMITTEE NO. 24-93
STATE LIAISON COMMITTEE NO. 16-93 TRANSFER AGENT ADVISORY COMMITTEE NO. 22-93
RE: UPDATE ON MEETING WITH NASAA COMMITTEE ON PROPOSED TELEPHONE
TRANSACTION GUIDELINES _____

The NASAA Investment Companies Committee held an open meeting on March 8, 1993 to receive input from the investment company industry on the proposed "Guidelines for Telephone Transactions" ("proposed Guidelines") which would require compliance with "minimum standards and requirements" if a mutual fund disclaims strict liability for acting upon telephone instructions. The Institute, and several of its members, had previously submitted written comments opposing certain of the minimum standards and requirements set forth in the proposed Guidelines. In particular, the Institute strongly opposed the proposed requirement that shareholders must elect the telephone service and be given the opportunity to select a personal password, identification number or other form of identification. (See Memorandum to Operations Committee No. 7-93, SEC Rules Committee No. 16-93, State Liaison Committee No. 11-93 and Transfer Agent Advisory Committee No. 15-93, dated March 2, 1993.) Based upon the written and oral comments in opposition to the proposed Guidelines, the Chair of the NASAA Committee stated that the proposed Guidelines would be revised and re-issued for public comment in the near future. The NASAA Committee indicated that the revised proposal may include a grandfather clause and modification of both the opt-in/opt-out and identity test requirements. It is anticipated that the revised proposal will be circulated to the states for internal comment next week and then issued for public comment in early May. Patricia Louie Associate Counsel