

**MEMO# 1602**

December 19, 1989

## **NOTICE TO EXCHANGES IF DIVIDEND DECLARED BEFORE YEAR-END**

December 19, 1989 TO: CLOSED-END FUND MEMBERS NO. 70-89 RE: NOTICE TO  
EXCHANGES IF DIVIDEND DECLARED BEFORE YEAR-END

The President signed the Omnibus Budget Reconciliation Act of 1989 this morning. Under one provision of this new law, regulated investment companies (RICs) holding portfolio securities having an ex-date on or after December 20, 1989 will include the dividends in income for tax purposes on the ex-dividend date rather than the date upon which the dividend is received. Any RIC that has not yet declared dividends sufficient to meet its minimum distribution requirement (because the ex-dividend provision will result in more dividend income than the RIC expected) may wish to declare a dividend before year-end. The Institute has contacted the New York Stock Exchange, the American Stock Exchange and NASDAQ regarding the possible need for such a dividend. Each exchange has expressed a willingness to let RICs declare such a dividend with a December 29, 1989 record date. RICs are requested to contact the relevant exchange immediately (and preferably by the close of business December 20, 1989) if such a dividend may be needed. The relevant contact people are: NYSE Tony Aliberti (212) 656-5034 or Pat Selenczak (212) 656-5023 AMEX Juanita Burton (212) 306-1485 NASDAQ Uniform Practice Dept. (212) 858-4341 (mention that Grant Callery is aware of problem) Keith D. Lawson Assistant General Counsel

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