

MEMO# 10046

June 23, 1998

ICI PROPOSED AMENDMENT TO RULE 22C-1 ADDRESSING EARLY MARKET CLOSINGS

* Memorandum to SEC Rules Committee No. 49-98, dated May 27, 1998. As a result of recent changes to the New York Stock Exchange's circuit breaker rules, the likelihood that the market will close early and remain closed for the rest of the day has been reduced significantly. [10046] June 23, 1998 TO: SEC RULES COMMITTEE No. 61-98 RE: ICI PROPOSED AMENDMENT TO RULE 22c-1 ADDRESSING EARLY MARKET CLOSINGS

The Institute recently circulated to you a draft letter proposing an amendment to Rule 22c-1 under the Investment Company Act. The proposed amendment would require a uniform approach to mutual fund pricing in the event the market closes early.* Attached is a copy of the final version of the letter, as sent to the Securities and Exchange Commission yesterday. The letter recommends that the SEC amend Rule 22c-1 to require that, if the New York Stock Exchange closes before a mutual fund's designated time of pricing, the fund must price its shares and cut off purchase and redemption orders as of the time the Exchange closes. The final letter differs from the draft letter in two respects. First, the proposed amendment was revised to exclude money market funds. Second, the letter suggests that if the Commission adopts the proposed amendment, it should provide a substantial implementation period to allow funds and the various intermediaries that distribute fund shares to make any changes necessary to ensure compliance with the amended rule. Frances M. Stadler Deputy Senior Counsel Attachment

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