

**MEMO# 2666**

April 9, 1991

## **SPRING COMMITTEE MEETING - APRIL 24, 1991**

April 9, 1991 TO: SALES FORCE MARKETING COMMITTEE NO. 12-91 RE: SPRING COMMITTEE MEETING - APRIL 24, 1991

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Enclosed is a preliminary agenda for the next meeting of the Sales Force Marketing Committee on Wednesday, April 24, 2-5 p.m. The meeting, which will be held at the Madison Hotel, 15th and M Streets, N.W., will follow a morning session of the Direct Marketing Committee and a joint luncheon featuring "Washington Scene" reports on the Institute's legislative and regulatory activities. An optional dinner will be held the preceding evening at 7:30 at Duke Ziebert's Restaurant, Connecticut Avenue at L Street, N.W. If you have not already done so, please let Connie Creswell at the Institute know whether you will be attending the meeting, the luncheon, and/or the dinner. (Please note that there is an advance "registration fee" of \$40 for the dinner.) Between now and April 24 we would appreciate your giving thought to some of the issues that will be addressed at our meeting, so that you can come prepared to contribute to the discussion. Since our schedule will permit no more than 30-40 minutes of discussion on each of the broad topics in items 1-3, we will aim to end each discussion with a list of questions for further investigation. These questions can be submitted to the moderators of the General Membership Meeting panels on pricing, bank distribution, and the retirement marketplace. With regard to the discussion item on regional sales statistics, we would like to know whether there is interest in a subcommittee to develop member support for more complete and timely reporting of state-by-state sales so that the Institute statistics can in return be more useful for comparative analysis by members. If you are interested in participating in such an effort, will you please call or write Bill Strott at Merrill Lynch or Barbara Levin at the Institute to let us know. Here are some questions to consider regarding other agenda items: 1. Mutual funds pricing: What are the future implications of the NASD proposal on 12b-1 fees? How effectively are we combatting "negative press" on 12b-1 fees? Will dual pricing spread within the mutual fund industry? Within the broker-dealer community? What kinds of organizations are participating in wrap-fee accounts? What are the advantages and disadvantages of wrap-fee accounts for the client and for the broker? Does the wrap-fee account represent serious competition? With regard to changing sales charge structures, what is the marketplace saying about sales force payment, and what is the sales force saying? 2. Distribution channels: Is wirehouse distribution considered a mutual fund growth area, or is emphasis being shifted to bank and financial planner distribution, for example? What are the latest trends in bank distribution? Will the current emphasis in wirehouses on proprietary fund sales be a long-term trend? If so, how will it affect the industry? Why have direct marketers been gaining market share? How will the sales force distributors respond to this trend? 3. The 401(k) market: What kinds of broker-dealer compensation practices are current in the 401(k) market? How are broker-dealers reacting? 4. Other discussion topics: How

important are the ICI regional sales reports to your company's sales/marketing planning? Would you benefit from more comprehensive reporting by a wider universe? Do mutual fund sponsors find sales contests valuable? What is the attitude of broker-dealers toward sales contests? What are the benefits and risks of ARM funds and why are they so popular? How does your company use the data from independent data services? 6. Associate member participation: Shall we invite broker-dealer associate members to one committee meeting annually? Please call Barbara Levin or Bill Strott if you would like to make a brief presentation with regard to any of the topics above. All committee members are encouraged to participate in the discussion. We look forward to seeing you on April 24. J. William Strott Chairman Barbara Levin Director, Sales Force Marketing and Financial Planning Services cc: Marketing Committee

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