

**MEMO# 19400**

November 22, 2005

# **IMPLEMENTATION OF CENTRAL BREAKPOINT SCHEDULE AND LINKAGE DATABASE - OCTOBER 31, 2005 STATUS REPORT**

©2005 Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice. [19400] November 22, 2005 TO: PRIMARY CONTACTS - MEMBER COMPLEX No. 47-05 BANK AND TRUST ADVISORY COMMITTEE No. 18-05 BROKER/DEALER ADVISORY COMMITTEE No. 33-05 OPERATIONS COMMITTEE No. 26-05 TRANSFER AGENT ADVISORY COMMITTEE No. 62-05 SMALL FUNDS COMMITTEE No. 34-05 RE: IMPLEMENTATION OF CENTRAL BREAKPOINT SCHEDULE AND LINKAGE DATABASE - OCTOBER 31, 2005 STATUS REPORT The Institute continues to urge members to comply with the recommendations of the Joint NASD/Industry Task Force on Breakpoints.<sup>1</sup> Earlier this year the ICI established a goal for the industry to populate the NSCC's Profile Service ("Profile") with their breakpoint schedules and policies by August 31, 2005. Although substantial progress has been made over the last 6 months, there are many ICI members that still need to comply with the recommendation to populate Profile in order to provide mutual fund intermediaries with a comprehensive centralized electronic source of information about breakpoint opportunities for clients. The Institute has been providing the NASD with periodic status reports on the industry's progress. Attached is the most recent status report provided to the NASD. As the report notes, 75 fund complexes that together accounted for 93.3 percent of front-end load new sales for 2004 populated Profile as of October 31, 2005. When adding the 11 fund complexes that have confirmed they intend to populate Profile in the near future, 86 complexes that together accounted for 97.6 percent of last year's front-end load new sales will be complete. The Institute plans to continue to work closely with members to achieve full industry participation in Profile. The ICI will be hosting a conference call on Monday, November 28th from 11:00 am to 12:00 pm ET to continue discussing the industry's efforts to populate and redesign the Profile database. We also plan to discuss industry progress on the broker/dealer transmission of Taxpayer Identification Number ("TIN")/Broker Identification Number ("BIN") data to mutual funds (Recommendation L of the Task Force) so related accounts can be electronically identified and linked for best pricing purposes. The dial in number for the call is 1-888-704-0559 and the pass code is 47426. For security reasons, the pass code and the leader's name (Kathy Joaquin) will be required to join the call. <sup>1</sup> See Institute Memorandum No. 19180 (September 21, 2005) and No. 19068 (August 5, 2005). <sup>2</sup> As previously reported to you, the NASD publicly launched their Mutual Fund Breakpoint Search Tool at the end of October.<sup>2</sup>

The ICI encourages all front-end load fund members to access the Web Tool to review their fund breakpoint data at <http://www.nasd.com/fundsearch>. The NASD welcomes industry feedback on the Web Tool. Your comments, questions or concerns may be provided to Jonathan Davis, Associate Vice President, Compliance Information and Services, NASD, at [jonathan.davis@nasd.com](mailto:jonathan.davis@nasd.com). Questions regarding this initiative may be directed to either Kathy Joaquin at the ICI (202-326-5930) or James Kiernan at the NSCC (212-855-5662). Donald J. Boteler Vice President - Operations Attachment (in .pdf format) Note: Not all recipients receive the attachment. To obtain a copy of the attachment, please visit our members website (<http://members.ici.org>) and search for memo 19400, or call the ICI Library at (202) 326-8304 and request the attachment for memo 19400. 2 See Institute Memorandum No. 19174 (September 19, 2005).

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