

MEMO# 1674

January 22, 1990

FORMATION OF COMPLIANCE COMMITTEE

January 22, 1990 TO: CLOSED-END FUND COMMITTEE NO. 4-90 SMALL FUNDS COMMITTEE NO. 2-90 UNIT INVESTMENT TRUST COMMITTEE NO. 3-90 RE: FORMATION OF COMPLIANCE COMMITTEE _____ At the SEC Rules Committee meeting held on January 11, 1990, the Institute proposed forming a committee to address compliance issues. The members at the meeting agreed that a compliance committee would be useful and expressed a high level of interest in the Institute establishing such a committee. The purpose of the committee would be to give members an opportunity to exchange views on compliance related issues and to consider industry positions. However, there are several issues that have arisen in determining how this committee should be structured and how it should operate. First, the scope of the committee needs to be defined. There are numerous topics which the compliance committee could consider, e.g., tax, operations, insider trading and portfolio compliance. We are therefore interested in suggestions from you as to what topics this committee should cover. If it is recommended that the committee cover a broad array of numerous issues, perhaps we would then select several related topics to be covered at each committee meetings. Second, many members have expressed concern that within their company there is more than one person responsible for handling compliance matters. We would recommend that each fund group select one person to be on the committee, and to send an alternate if there are topics that will be covered at a meeting for which someone other than the committee member is responsible. Please provide me with your suggestions on the issues that the compliance committee should cover and any other comments that you may have concerning the committee by February 16, 1990. My direct number is (202) 955-3523. Amy B. Rosenblum Assistant General Counsel