

MEMO# 2676

April 9, 1991

SURVEY RESULTS - CONFIRMATION PROCEDURES ON VOICE-INITIATED TRANSACTIONS

April 9, 1991 TO: OPERATIONS COMMITTEE NO. 11-91 TRANSFER AGENT ADVISORY COMMITTEE NO. 18-91 RE: SURVEY RESULTS - CONFIRMATION PROCEDURES ON VOICE-INITIATED TRANSACTIONS _____ The Institute surveyed the Operations Committee and the Transfer Agent Advisory Committee (TAAC) last year for information regarding the confirmation procedures that are currently employed for voice-initiated transactions. (See attached memo to Operations Committee No. 23-90 and TAAC No. 41-90, dated October 18, 1990.) Completed questionnaires were received from 42 of the 65 fund groups surveyed (a 65% response rate). Of the 42 fund groups who responded, 7 stated they did not currently offer voice-initiated transactions. Therefore, the survey results presented below are based on the 35 responses received from complexes who currently offer voice-initiated transactions. The questionnaire asked respondents to list each type of voice-initiated transaction offered and the corresponding confirmation procedure followed, including the response time frame (number of days). Exhibit A indicates the number of complexes who offer voice-initiated telephone services (shareholder to representative) by type of transaction. The results show the majority of respondents currently offer redemptions (82.9%), exchanges (97.1%) and changes in distribution options (62.9%) through voice-initiation. In addition, 23% also offer purchase transactions and 14% offer address changes, check reordering (for shareholders that have already established this privilege) and stop payment transactions. A summary of confirmation procedures (including the response time frame) is presented by type of voice-initiated transaction in Exhibit B. The results indicate that all respondents are confirming voice-initiated purchase, redemption and exchange transactions within 5 days for non-money market -2- funds. However, because mutual funds companies are not required to send money market confirmations for each transaction (SEC Rule 10b-10), confirmation procedures of the same voice-initiated transactions differed slightly for money market funds. The results show that a small percentage of fund groups are confirming purchase (14%), redemption (17%) and exchange (12%) voice-initiated transactions on a monthly basis. Confirmation procedures for several other types of transactions are also summarized in Exhibit B. Changes in distribution options are confirmed by 73% of the survey respondents, in most cases within 5 days. Although the questionnaire was structured to obtain information related to confirmation procedures only, several respondents voluntarily provided information regarding other procedures followed for voice-initiated transactions. A summary of the various procedures followed (including written confirmation procedures) for voice-initiated purchases, redemptions, exchanges and changes in distribution option transactions are displayed in Exhibit C. Because the survey requested data regarding

confirmation procedures only, the results reported for other procedures followed in Exhibit C may not be representative of all respondents. If you wish to discuss any of the results, please call me at 202/955-3583. Kathleen C. Joaquin Director - Operations/ Fund Accounting Attachments

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