

MEMO# 4065

September 1, 1992

INSTITUTE SENDS PROPOSED TECHNICAL QUESTIONS AND ANSWERS UNDER AMENDED NASD MAXIMUM SALES CHARGE RULES TO NASD

September 1, 1992 TO: SEC RULES COMMITTEE NO. 65-92 AD HOC TASK FORCE ON 12b-1 ISSUES RULE 12B-1 AD HOC COMMITTEE RE: INSTITUTE SENDS PROPOSED TECHNICAL QUESTIONS AND ANSWERS UNDER AMENDED NASD MAXIMUM SALES CHARGE RULES TO NASD _____ As you know, the Institute has been working with its Ad Hoc Task Force on 12b-1 Issues on technical issues raised under the amendments to the NASD's maximum sales charge rules which were recently approved by the SEC. (The amendments, which will go into effect on July 7, 1993, impose limits on the amount of asset-based sales charges and "service fees" that may be paid by a mutual fund.) The Task Force met on March 4 and August 11 to identify and discuss these issues, and draft letters to the NASD setting forth technical questions under the amended rules and proposed responses thereto previously were circulated to you. Yesterday, the Institute sent the attached list of proposed questions and answers concerning some of these issues to the NASD. Some issues remain open and it is likely that the Task Force will make a supplemental submission to the NASD addressing these matters. On behalf of the Institute, I would like to thank the Task Force and other contributing members for their work on this project. The schedule for any formal action by the NASD on the Institute's proposal is uncertain at this time, but we will keep you informed of developments in that regard.

Frances M. Stadler Assistant Counsel Attachment