

MEMO# 19197

September 27, 2005

MUTUAL FUND QUOTATION SERVICE ENHANCEMENT

©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. [19197] September 27, 2005 TO: ACCOUNTING/TREASURERS COMMITTEE No. 15-05 END OF DAY PRICING FORUM No. 4-05 OPERATIONS COMMITTEE No. 22-05 RE: MUTUAL FUND QUOTATION SERVICE ENHANCEMENT The NASDAQ Stock Market has announced its intention to significantly streamline the annual re-certification of mutual funds for quotation in the Mutual Fund Quotation Service (MFQS). Implementation of the new enhancement is scheduled for January 2006, in time for the next annual re-certification process. As you are aware, the current MFQS re-certification process is extremely labor intensive and paper based. Each year, beginning in January, to remain on the News Media List, a written statement approved by an officer of the company is required that certifies each fund has the required minimum shareholder accounts or net asset minimum for continued inclusion. A similar process is required for closed-end funds in the News Media List. The inherent inefficiencies in this process often led to frustration on the part of both NASDAQ and its MFQS subscribers. According to NASDAQ, beginning in January 2006, MFQS subscribers will benefit from a new process for re-certification of News Media mutual funds and closed end funds. NASDAQ will collect the required information from a trusted third party and use the data to re-certify customers without any subscriber involvement. NASDAQ will receive shareholder account and net asset information directly from the third party and process and verify the information to ensure the appropriate continued MFQS inclusion standards are met. NASDAQ does reserve the right to contact MFQS subscribers in the event that it receives erroneous or incomplete data. NASDAQ, however, expects minimal subscriber contact on this latter issue. This MFQS enhancement promises to significantly increase the efficiency of the MFQS annual re- certification process. NASDAQ would like to move forward with the planning and eventual implementation of this enhancement but is sensitive to MFQS subscriber comments. Please contact me at salmon@ici.org or 202-326-5869 by October 7, 2005, if you have any concerns or questions. Peter G Salmon Director, Operations & Technology