

MEMO# 8276

September 30, 1996

REVISED PSA MASTER REPURCHASE AGREEMENT

September 30, 1996 TO: CLOSED-END FUND MEMBERS No. 25-96 MONEY MARKET FUNDS
AD HOC COMMITTEE No. 12-96 SEC RULES MEMBERS No. 55-96 RE: REVISED PSA MASTER
REPURCHASE AGREEMENT

The Public
Securities Association ("PSA") has revised its Master Repurchase Agreement (the
"Agreement") to reflect significant legal developments and changes in the marketplace
since the Agreement was last amended in 1987. Of particular relevance to investment
companies is the creation of an annex to the Agreement, Annex VII, designed specifically
for use in transactions involving investment companies. This annex was drafted by the PSA
in consultation with the Institute. Attached is a copy of the revised Agreement and
Guidance Notes (summarizing the key changes from the 1987 version of the Agreement).
The provisions in Annex VII are intended generally to address the minimum regulatory
requirements that investment companies must satisfy when engaging in repo agreements.
Thus, members may wish to include additional provisions to the annex tailored to their own
needs and circumstances. In addition, members may not agree with all of the terms in the
annex as drafted and, therefore, may wish to revise them as they see fit. Amy B.R.
Lancellotta Associate Counsel Attachments

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