

MEMO# 18753

April 8, 2005

INSTITUTE URGES VOLUNTARY IMPLEMENTATION OF CENTRAL BREAKPOINT SCHEDULE AND LINKAGE DATABASE - NEXT CONFERENCE CALL SCHEDULED FOR APRIL 27, 2005

©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. [18753] April 8, 2005 TO: PRIMARY CONTACTS - MEMBER COMPLEX No. 15-05 BANK AND TRUST ADVISORY COMMITTEE No. 5-05 BROKER/DEALER ADVISORY COMMITTEE No. 15-05 OPERATIONS COMMITTEE No. 7-05 TRANSFER AGENT ADVISORY COMMITTEE No. 16-05 SMALL FUNDS COMMITTEE No. 11-05 RE: INSTITUTE URGES VOLUNTARY IMPLEMENTATION OF CENTRAL BREAKPOINT SCHEDULE AND LINKAGE DATABASE - NEXT CONFERENCE CALL SCHEDULED FOR APRIL 27, 2005 As previously reported to you, the Joint NASD/Industry Task Force on Breakpoints ("Task Force") has recommended that all mutual fund families populate the NSCC's Mutual Fund Profile Service (MFPS) centralized electronic database with their breakpoint schedules and linkage rules in order to provide registered representatives with easy access to information about breakpoint opportunities at the point of sale.¹ It is our understanding that many eligible mutual funds have still not populated MFPS with their breakpoint schedule and linkage rules, and that the majority of other fund information MFPS is intended to contain remains lacking. This is a task that many fund companies find challenging due to (1) the complexities involved in populating data in MFPS, (2) the availability and accessibility of the information needed, and (3) the redundancies that exist in providing information on MFPS that is already provided to broker/dealers in other forms. In order for the MFPS database to be effective, it must be comprehensive. The NASD has created an interface to MFPS and wishes to make all load funds' breakpoint schedules and linkage rules available to registered representatives and the public through this tool as soon as possible. Thus, in accordance with the Task Force's recommendation that the securities industry implement each of its recommendations on a voluntary basis, the Institute urges mutual fund members to dedicate the necessary resources to fully and accurately populate the MFPS database as soon as reasonably practicable, and to update the database as needed on a timely basis. ¹ See Institute Memorandum No. 18531 (February 10, 2005). ² To assist in this effort, at the request of the ICI Broker/Dealer Advisory Committee, the Institute has been holding a series of member conference calls to discuss implementation issues and concerns, share "best practices" and monitor the industry's progress toward completing the recommendation. We invite you or your designated representative to participate in the next

conference call, which will be held on Wednesday, April 27, 2005 from 11:00 am to 12:00 pm EST. The dial-in number for the call is 888-704-0559 and the pass code is 19301. For security reasons, the pass code and the call leader's name (Kathy Joaquin) will be required to join the call. Questions regarding this initiative may be directed to either Kathy Joaquin at the ICI at 202-326-5930 or to Nino Palermo, Chair of the ICI Broker/Dealer Advisory Committee, at 913- 681-5432. Thank you for your attention to this important matter.
Donald J. Boteler Vice President - Operations

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