

MEMO# 4024

August 17, 1992

INSTITUTE REQUEST FOR INTERPRETATION OF CONFIRMATION DELIVERY REQUIREMENTS UNDER RULE 10B-10

August 17, 1992 TO: OPERATIONS COMMITTEE NO. 26-92 SEC RULES COMMITTEE NO. 59-92
TRANSFER AGENT ADVISORY COMMITTEE NO. 45-92 UNIT INVESTMENT TRUST COMMITTEE
NO. 43-92 RE: INSTITUTE REQUEST FOR INTERPRETATION OF CONFIRMATION DELIVERY
REQUIREMENTS UNDER RULE 10b-10

Several months ago, the Institute sent a letter to the SEC's Division of Market Regulation requesting that the Division propose an amendment to or issue an interpretation of Rule 10b-10 under the Securities Exchange Act of 1934 to permit quarterly (rather than immediate) confirmation of automatic dividend reinvestment transactions in investment company shares. (See Memorandum to Operations Committee No. 1-92, SEC Rules Committee No. 4-92, Transfer Agent Advisory Committee No. 3-92 and Unit Investment Trust Committee No. 5-92, dated January 20, 1992.) The Division's staff subsequently indicated that in view of the fact that they were considering recommending a number of possible amendments to the rule, they were not inclined to grant our request for industry-wide relief at that time. We are pleased to report that the staff recently contacted the Institute to let us know that they are now "willing to entertain a request" for an interpretation of Rule 10b-10 along the lines we previously had suggested, with some minor changes. Therefore, attached for your review is a revised draft letter to the Division of Market Regulation requesting that the staff take the position that investment companies' automatic dividend reinvestment services constitute "investment company plans" eligible to follow quarterly confirmation procedures under Rule 10b-10(b). The letter also seeks clarification that certain automatic investment plans and systematic withdrawal plans are "investment company plans" for these purposes. If you have any comments on the attached draft letter, please call me at (202) 955-3514 or Kathy Joaquin at (202) 955-3583 by Wednesday, August 26. Frances M. Stadler Assistant Counsel Attachment