

**MEMO# 1347**

August 15, 1989

## **LET'S WORK TOGETHER**

August 15, 1989 TO: UNIT INVESTMENT TRUST COMMITTEE NO. 51-89 RE: LET'S WORK TOGETHER \_\_\_\_\_ As you know from the Investment Company Institute memo accompanying this memo the UIT Committee must submit a yield formula to the staff of the Securities and Exchange Commission by December 7, 1989. That formula may turn out to be the "Wesolowski-Hicks" formula, the Mutual Fund formula or something brand new. Until a UIT yield formula is adopted by the SEC, hopefully to be used with Estimated Current Return, all of us must do business under the SEC interim guidelines, whatever they may be from week to week. The UIT Committee does not have a favorable reputation for agreeing on anything or for working together. It is essential that during these difficult times, when decisions are being made that will affect the future of all that we put our differences aside and work together. Since July 26, when the current situation started, the committee has been able to achieve more favorable results by presenting our case to the SEC staff through Matt Fink and the ICI than individual sponsor contacts with the SEC staff. When we work together we can accomplish more. I believe there are three main goals over the next few months that are very important to the industry. 1. Until a formula is adopted, it is necessary to issue new unit trusts under the SEC guidelines (whatever they may be). Please keep either Craig Tyle at the ICI or me apprised of any changes in the "guidelines" which the SEC staff wishes to make effective. I am not suggesting that any of a sponsor's business decisions be subject to review or approval. Any business decision must remain the sole judgment of the individual sponsor. However if we communicate the latest developments the industry will be in a better position to promptly respond to any suggested new guidelines. 2. Produce a yield formula that the Unit Trust industry can unanimously accept and use in the prospectus and advertising, both primary and secondary sales. These will require good input and probably compromise. When we all "sign off" on a formula, everyone backs the formula. 3. Meet with representatives of the mutual fund industry in an effort to reach an agreement. Then, submit the formula to the ICI executive committee for submission by the ICI to the staff of the SEC. Of course, at this point, it is not possible to know what compromises, if any, would be necessary. My message is simple. Forget the differences of the past. We all have much more in common than we would sometimes think. Let's all work together to get past these difficult and changing times, put together an acceptable formula and move on to a profitable future. Robert E. Holley Chairman