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ACT 1940 Act  
SECTION 22(c)  
RULE Rule 22c-1  
PUBLIC AVAILABILITY 1/24/02

March 24, 1970

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NO ACT  
RE 3-24-70  
Picked up by hand  
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PROCESSED

132-02321

JAN 29 2002

THOMSON FINANCIAL

Mr. David Silver, General Counsel  
Investment Company Institute  
1775 K Street, N. W.  
Washington, D.C. 20006

Dear Mr. Silver:

This is in response to your request for our views concerning certain problems arising from the current mail strike.

As we understand it, one such problem arises from the fact that most open-end investment companies make provision for accepting funds through the mail for investment pursuant to various kinds of accumulation plans or through open accounts. In addition, shareholder requests for redemption often come through the mails. An unknown number of purchase orders and requests for redemption have been deposited in the mails, but have not been delivered due to the disruption in postal service. The question which has arisen concerns the price at which these orders will be executed upon the resumption of mail deliveries.

Rule 22(c)(1), under the Investment Company Act of 1940, generally requires that purchases and redemptions receive the next price (net asset value per share) computed after receipt of the order by the investment company or its designee. By an existing interpretation, orders received by mail by a custodian bank or transfer agent may be priced as of the last price computed on the day such order has been received.

We believe that adherence to the provisions of Rule 22(c)(1) is the most equitable method of resolving this problem. It would be virtually impossible to determine with exactitude when particular undelivered orders were posted and when they ordinarily would have been received. Under these circumstances, fairness to fund shareholders and the investors whose orders have been delayed requires an objective method of pricing these orders. The uniform application of Rule 22(c)(1) will assure such fairness. Thus, such orders should be priced upon receipt by the company or its designee as required by Rule 22(c)(1).

CRG

Mr. David Silver  
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Washington, D. C.  
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Another problem involves requests for redemption or repurchase which were received by an investment company or its designee prior to the strike, but for which no cash has yet been remitted. In many such cases, because of the location of the company or the investor, the mails cannot be used to remit funds. A similar problem exists with respect to such requests which are being currently transmitted through means other than the mails. In such cases, it would be appropriate if, after the shares were redeemed in the normal course of business, the proceeds were held for transmission to the shareholder at the earliest practicable opportunity after the resumption of postal service. However, we would deem it desirable to make special arrangements for the transmission of funds through other channels in appropriate cases to minimize hardship to redeeming shareholders.

Sincerely yours,

Solomon Freedman  
Director

SFreedman/ms  
3/24/70