1. You can advertise and sell Pendleton products at any price you choose.

2. Pendleton will not take any action against you, including termination, because of the price at which you advertise or sell its products.

3. Pendleton will not suggest retail prices for any product until April 20, 1982.

4. The price at which you sell or advertise your products will not affect your right to use Pendleton trademarks or other identification in your sale or advertising of products bearing Pendleton trademarks or identification.

If you have any questions regarding the Order or this letter, please call Mr. Pedley at Pendleton.

For Pendleton Woolen Mills, Inc.

Analysis of Proposed Consent Order To Aid Public Comment

The Federal Trade Commission has accepted an agreement to a proposed consent order from Pendleton Woolen Mills, Inc., a manufacturer of clothing, blankets and wool fabric.

The proposed consent order has been placed on the public record for sixty (60) days for the purpose of soliciting comments from interested parties. All comments received during this period will become part of the public record. After sixty (60) days, the Commission will again review the agreement and decide whether it should withdraw the agreement or make final the agreement's proposed order.

The complaint in this matter alleges that Pendleton has restrained trade by fixing the resale prices at which its products are sold, including termination, because of the price at which its dealer sells or advertises any Pendleton product.

The consent agreement provides as follows:

1. Pendleton cannot fix or otherwise control the resale prices at which its products are sold or advertised.

2. Pendleton cannot take any action against any dealer, including termination, because of the resale prices at which the dealer sells or advertises any Pendleton product.

3. As to products which bear any of its trademarks or other identifications, Pendleton cannot restrict any dealer from using any such trademark or other identification in the sale or advertising of such products.

4. Pendleton cannot suggest retail prices for any product from the date the order becomes final until April 20, 1982.

The purpose of this analysis is to facilitate public comment on the proposed order, and it is not intended to constitute an official interpretation of the agreement and proposed order or to modify in any way their terms.

Carol M. Thomas
Secretary.

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SEcurities AND EXCHANGE COMMISSION

[17 CFR Part 270]

[Release No. IC-10691, File No. S7-782]

Pricing of Investment Company Shares Generally

AGENCY: Securities and Exchange Commission.

ACTION: Proposed rulemaking.

SUMMARY: On January 8, 1979, the Commission proposed for public comment a rulemaking which, among other things, would propose an amendment of the rule under the Investment Company Act of 1940 which ties the New York Stock Exchange the days and time for pricing an investment company's redeemable securities even though its portfolio securities may not be held for trading on that exchange. The Commission has considered the comments received and has decided to publish for public comment a revision of that part of the rulemaking which relates to the pricing of investment company shares generally, and to adopt, in a separate release, that part of the rulemaking which relates solely to unit investment trusts.

Pricing of Investment Company Shares Generally

After considering the comments received, the Commission has determined to republish in modified form a proposed amendment to paragraph (b) of Rule 22c-1 under the Act. That paragraph presently ties the New York Stock Exchange the days and time for the pricing of an investment company's redeemable securities even though the investment company's portfolio securities may not be held for trading on that exchange. The Commission had proposed to amend that paragraph to require forward pricing for all investment company redeemable securities as of the close of the relevant primary trading market in which each portfolio security is traded.

Commentators favored divorcing the pricing of securities from the New York Stock Exchange's trading hours, but generally expressed a variety of reservations regarding the manner for determining any particular portfolio security's relevant primary trading market. Concern was also expressed as to the procedures to be followed when an investment company's portfolio


An investment company is, of course, always obligated to provide a price for its shareholders which is not materially misleading in the context for which it is used.5

Text of Rulemaking

It is proposed to amend Part 270 of Chapter II of Title 17 of the Code of Federal Regulations by amending paragraph (b) of § 270.22c-1 as follows:

§ 270.22c-1 Pricing of redeemable securities for distribution, redemption and repurchase.

(b) For the purposes of this section, (1) the current net asset value of any such security shall be computed (i) on each day in which there is a sufficient degree of trading in the investment company’s exchange is open for trading since on those days the value of the investment company’s redeemable securities might be materially affected. In the event that sufficient portfolio securities are traded on a foreign securities exchange, this obligation may require the investment company to price its shares on each day when that exchange is open for trading, whether or not the principal national securities exchanges in the United States are open for business. The Commission does not expect this element of directional consideration. In establishing the time and dates for determining the price of its redeemable securities, generally to cause an investment company to incur significant increased operational costs. Rather, the Commission believes that a management investment company, in fulfilling its overriding investment management responsibilities, typically would be open for business to monitor such market’s activity where the amount of exchange trading was significant. In other instances—for example, a company whose portfolio management is entirely overseas—the investment company would be expected to provide alternative procedures to aggregate orders received for purchase, sale, or redemptions of its securities during non-business days according to the time received in order to provide investors with the benefits of accurate pricing of the investment company’s redeemable shares.

But, the Division of Investment Management has provided a “no-action” assurance with respect to rule 22c-1 where an investment company has proposed not to compute the current net asset value of its redeemable securities on days when no trading was expected to occur on the exchange. The Commission believes that, if the Board of Directors of the investment company would be expected to provide alternative procedures to aggregate orders received for purchase, sale, or redemptions of its securities during non-business days according to the time received in order to provide investors with the benefits of accurate pricing of the investment company’s redeemable shares.

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

[26 CFR Part 1]

Proposed Minimum Participation Standards

Correction

FR Doc. 79-12383, appearing at page 23541, on Friday, April 20, 1979, was corrected on page 23004, on Monday, May 15, 1979. The correction on page 23542, appearing at page 23541, on Friday, April 20, 1979, was withdrawn in its entirety.

On page 23542 (issue of Friday, April 20, 1979), in the first column, in the first paragraph, the last sentence reading "A showing that a specified percentage of employees covered by a plan are not officers, shareholders, or highly compensated, is not in itself sufficient to establish that the plan does not discriminate in favor of employees who are officers, shareholders, or highly compensated is not in itself sufficient to