PUBLIC

RESPONSE OF THE OFFICE OF
INVESTMENT COMPANY REGULATION
DIVISION OF INVESTMENT MANAGEMENT

Our Ref. No. 92-15-ICR
Thomson Fund Group, et al.
File Nos. 812-5733,
812-6361, and 812-7056

In your letter of December 21, 1992, you request assurance that the Division of Investment Management will not recommend that the Commission take any enforcement action under the Investment Company Act of 1940 against Thomson Fund Group (the "Trust") and Thomson Investor Services Inc. (the "Distributor"), if the Trust and Distributor introduce new classes of transactions for which the Trust's contingent deferred sales charge ("CDSC") will be waived in reliance on certain exemptive orders (the "CDSC Orders"). 1/ The CDSC Orders permit the imposition, and under certain circumstances the waiver, of a CDSC. The new waiver categories proposed in your letter would permit the Trust and Distributor to waive the CDSC for certain redemptions by tax qualified plans in connection with distributions without penalty under section 72 of the Internal Revenue Code, and for certain periodic redemptions under an automatic withdrawal plan.

The CDSC Orders were issued prior to the publication of proposed rule 6c-10, which would permit open-end management investment companies to impose and waive CDSCs under certain circumstances. 2/ While the representations in the CDSC Orders are in many respects similar to the provisions of proposed rule 6c-10, the CDSC Orders are not conditioned on compliance with the proposed rule.

Because proposed rule 6c-10 represents the Commission's latest position with regard to deferred sales charges, the Division is unwilling to grant any no-action assurance unless an order permitting a CDSC to be assessed is conditioned on adherence to the provisions of the proposed rule as it is currently proposed and as it may be reproposed, adopted, or

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1/ Investment Company Act Release Nos. 13825 (March 15, 1984) (notice) and 13877 (April 10, 1984) (order); as amended by Investment Company Act Release Nos. 15138 (June 6, 1986) (notice) and 15187 (June 30, 1986) (order), and 16574 (Sept. 27, 1988) (notice) and 16609 (Oct. 25, 1988) (order).

2/ Investment Company Act Release No. 16619 (Nov. 9, 1988).

amended. 3/ Accordingly, on the basis of the facts and representations in your letter, we are unwilling to assure you that we would not recommend any enforcement action to the Commission under the Investment Company Act of 1940 if the Trust and the Distributor proceed as described in your letter.

This response does not reflect adversely on the merits of your request. We would consider an application for an order to amend the CDSC Orders to permit the proposed waiver categories, so long as the requested order is conditioned on compliance with proposed rule 6c-10 as such rule is currently proposed, and as it may be reproposed, adopted or amended.

Marc Duffy

Marc Duffy
Staff Attorney
Office of Investment
Company Regulation

January 28, 1993

3/ The Trust and the Distributor previously received no-action assurance regarding the introduction of a new category of transactions for which the CDSC would be waived. Thomson Fund Group, et al. (pub. avail. April 29, 1991). Since that time, however, the Division has decided that it is unwilling to grant any no-action assurance with regard to a CDSC order that is not conditioned on compliance with the provisions of proposed rule 6c-10 as it is currently proposed and as it may be reproposed, adopted, or amended. See, e.g., Dean Witter Reynolds Inc., et al. (pub. avail. April 17, 1992).

ACT ICA of 1940
SECTION
RULE proposed rule 6c-10
PUBLIC
AVAILABILITY 1-28-93

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December 21, 1992

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DEC 21 1992
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Office of Investment Company Regulation
Division of Investment Management
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Attention: Matthew A. Chambers

Re: Thomson Fund Group (File No. 811-3881)

Ladies and Gentlemen:

This is a request for assurance that the staff of the Division of Investment Management (the "Division") will not recommend enforcement action if Thomson Fund Group (the "Trust") and its principal underwriter, Thomson Investor Services Inc. (the "Distributor"), introduce new classes of transactions for which the Trust's contingent deferred sales charge will be waived, as described below. These proposed classes reflect changes in the facts and circumstances from those described in the applications for the orders of exemption and the prior no-action letter referred to below.

The Trust

The Trust, originally called Thomson McKinnon Investment ust, is a Massachusetts business trust organized in 1983. It registered as an open-end management investment company under Investment Company Act of 1940 (the "Act"). The Trust is a ries company" as described in Rule 18f-2 under the Act and ently offers shares of eleven (11) separate series ("Funds") sale to investors. Each Fund has its own investment tive and policies.

it Sales Load Arrangements

ince the commencement of the public offering of its shares , the Trust has offered shares ("Class B Shares") subject a tingent deferred sales charge ("CDSC"), in reliance upon rder f exemption (the "CDSC Orders") granted by the Commission from the provisions of Sections 2(a)(32), (2)(a)(35), 22(c) and 22(d) of the Act and Rules 22c-1 and 22d-1 thereunder. See, Thomson McKinnon Investment Trust, Investment Company Act Release No. 13877 (April 10, 1984); Thomson McKinnon Global Trust, et al., Investment Company Act Release No. 15187 (June 30, 1987); and Thomson McKinnon Investment Trust, et al., Investment Company Act Release No. 16609 (October 25, 1988). 16574 (9/27/88)

Pursuant to the CDSC Orders and the no-action relief described below, a CDSC is imposed on Class B shares if an investor redeems an amount which causes the current value of the investor's account for a Fund to fall below the total dollar amount of purchase payments subject to the deferred sales charge, except that no such charge is imposed if the shares redeemed have been acquired through the reinvestment of dividends or capital gains distributions or if the amount redeemed is derived from increases in the value of the account above the amount of purchase payments subject to the deferred sales charge.

Whether a CDSC is imposed and the amount of the charge will depend on the number of years since the investor made a purchase payment from which an amount is being redeemed and the date such purchase payment was made. Purchases are subject to the CDSC according to the following schedules:

Purchase payments made on or after July 1, 1991:

Year Since Purchase Payment Was Made	Percentage Contingent Deferred Sales Charge
First . . .	1
Thereafter .	0

Purchase payments made before July 1, 1991:

Year Since Purchase Payment Was Made	Percentage Contingent Deferred Sales Charge
First	5
Second	4
Third	3
Fourth	2
Fifth	2
Sixth and following	0

In determining whether a CDSC is payable, it is assumed that e purchase payment from which the redemption is made is the -liest purchase payment (from which a redemption or exchange not already been effected). If the earliest purchase from which a redemption has not yet been effected was made on or after July 1, 1991 and within 12 months before the redemption, then a deferred sales charge at the rate of 1% will be imposed. If the earliest purchase payment from which a redemption has not yet been effected was made before July 1, 1991, then a deferred sales charge of up to 5% may be imposed, in accordance with the table above. The reduction in the CDSC with respect to purchase payments made on or after July 1, 1991 was implemented pursuant to no-action relief granted to the Trust on April 29, 1991 (the "No-Action Relief").

As permitted by the CDSC Orders and the No-Action Relief, the CDSC is waived for (i) any partial or complete redemption in connection with a distribution (a) upon attaining age 59 1/2 in the case of an IRA or Keogh Plan, or (b) following retirement under a tax qualified plan other than an IRA or Keogh Plan; (ii) redemption from qualified retirement plans in connection with an employee's termination of employment and the transfer of assets to a qualified retirement plan maintained by the employee's new employer; (iii) redemption resulting from tax-free return of an excess contribution to an IRA; (iv) any partial or complete redemption following death or disability (as defined in the Internal Revenue Code of 1986, as amended (the "Code")) of a shareholder (including one who owns the shares as joint tenant with his or her spouse) from an account in which the deceased or disabled is named, provided the redemption is requested within one year of the death or initial determination of disability; or (v) redemptions by Trustees, officers and employees of the Trust and by employees of the Distributor and the investment manager of the Trust.

Proposed Modifications

The Trust and the Distributor propose to waive the CDSC in connection with redemptions involving a partial or complete redemption by a tax qualified plan in connection with a distribution without penalty under Section 72 of the Code. Those distributions (in addition to distributions already covered by a waiver of the CDSC) are as follows: (1) upon attaining age 59½ in the case of a qualified employer retirement plan, (2) as part of a series of substantially equal periodic payments in the case of a qualified employer retirement plan or an IRA, (3) upon separation from service and attaining age 55 in the case of a qualified employer retirement plan, (4) a complete redemption in connection with a distribution from a qualified employer retirement plan in connection with the termination of such plan and the transfer of assets to another qualified employer's retirement plan or to an IRA, and (5) arising in connection with a qualifying loan from a qualified employer retirement plan. The

Trust and the Distributor also propose to waive the CDSC for certain periodic redemptions under an Automatic Withdrawal Plan from an account meeting certain minimum balance requirements, in amounts meeting certain maximums established from time to time by the Distributor.

The Trust and the Distributor represent that, except as described above, the operation of the Trust's CDSC arrangements will continue to conform in all respects to the CDSC Orders and the No-Action Relief, including the conditions thereto.

Requested Relief

The Trust and the Distributor hereby seek the assurance of the staff of the Division that it would not recommend that the Commission take enforcement action if the Trust and the Distributor effect the above-described changes in the Trust's CDSC waiver policy.

In our view, the introduction of the new CDSC waiver categories are permissible without first obtaining an amendment of the CDSC Orders. With respect to the expanded category for which the current examples are as described in items (1), (2), (3), (4) and (5) above (the "expanded qualified retirement plan category"), it should be noted that the CDSC is already waived in connection with certain distributions and withdrawals from qualified retirement plans with respect to which the Code imposes no penalty. Changes in the Code since the dates upon which the CDSC Orders and No-Action Relief were obtained now permit distributions and withdrawals from qualified retirement plans without penalty in the circumstances set forth in the expanded qualified retirement plan category. Because considerations of fairness to qualified retirement plan participants dictate that the CDSC waiver policy should be uniform with respect to all distributions and withdrawals from qualified retirement plans for which a penalty is not imposed under the Code, the Trust is seeking to expand its CDSC waiver policy to include the expanded qualified retirement plan category. This revised policy would be fully consistent with the policies reflected in the Code provisions granting favored tax treatment to accumulations under such plans and allowing certain distributions and withdrawals to be made without penalty. In the expanded qualified retirement plan category, the event giving rise to the redemption is not likely to occur for the purpose of obtaining the CDSC waiver. Furthermore, the Trust and the Distributor believe that it is important in order to remain competitive in the qualified retirement plan segment of the mutual fund industry to expand the

CDSC waiver policy to include the expanded qualified retirement plan category.

The Trust and the Distributor are also proposing a new waiver category which would apply to redemptions made pursuant to an Automatic Withdrawal Plan offered by the Trust and the Distributor. The Automatic Withdrawal Plan is a plan by which an investor may designate a sum of money to be paid automatically on a monthly or quarterly basis to the investor or another designated person. To be eligible for the CDSC waiver with respect to a redemption from an Automatic Withdrawal Plan, an investor would be required to maintain a minimum balance in his or her account and the amount of the periodic redemption would be subject to certain maximums established from time to time by the Distributor. The Trust and the Distributor desire to waive the CDSC with respect to such redemptions because the amount of CDSC fees imposed with respect to such redemptions would not justify the costs of administering the CDSC under an Automatic Withdrawal Plan, and because competitive factors in the mutual fund industry dictate such a waiver. Because participants in the Automatic Withdrawal Plan are required to maintain a minimum balance in their account, the CDSC waiver will not impose a burden on other shareholders of the Funds. The Commission has granted exemptions to permit CDSC waivers in connection with similar automatic withdrawal plans for other fund complexes. See, e.g., Seligman Capital Fund, Inc. et. al. (Notice of Application), Release No. 18841 (July 10, 1992); Shearson Lehman Appreciation Fund Inc., et. al. (Notice of Application), Release No. 18770 (June 11, 1992); and Oppenheimer Fund, et. al. (Notice of Application), Release No. 18454 (December 20, 1991).

Please call William R. Royer of this office at (617) 951-7746 or me at (617) 951-7392, if you require further information or wish to discuss the matters described in this letter. Eight additional copies of this letter accompany this original.

Very truly yours,

Joseph B Kittredge, Jr. / DBA

Joseph B. Kittredge, Jr.

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cc: William R. Royer, Esq.