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JUL 13 1971

Public Avail. Date: 7/20/01 0211200244
Act Section Rule
1940C 18(f)(2) 18f-1

Carl L. Shipley, Esq.
Shipley, Akerman, Stein & Kaps
National Press Building
Washington, DC 20004

PROCESSED

OCT. 25 2001

THOMSON
FINANCIAL P

Dear Mr. Shipley:

Chairman Casey has asked me to answer your letter of June regarding Rule 18f-1.

We agree, as the release promulgating Rule 18f-1 points out, that under certain circumstances it is desirable for open-end investment companies to have available the flexibility afforded by the ability to redeem in kind. Of course, as you know, the Rule is not obligatory and a fund can reserve the unrestricted right to redeem in kind by not electing to come under the Rule. In any event, in adopting the Rule the Commission attempted to preserve flexibility for mutual funds and at the same time avoid needless conflict between the Investment Company Act and the concern of State regulatory authorities that their residents - particularly the small investors - receive cash when redeeming fund shares.

We fully intend to maintain the integrity of the federal securities laws. Where it is clear that an assertion of jurisdiction by State securities administrators is in conflict with the Investment Company Act of 1940 within the meaning of Section 50 of that Act, we will make every effort to resolve any such conflict in a manner consistent with the highest standards of investor protection.

Sincerely yours,

Solomon Freedman
Director

SFREEDMAN
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SLCimmet/lam
July 11, 1971

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MAIL PROCESSING SECTION SEP

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