

Regulatory Circular RG92-57

Date: November 3, 1992

To: The Membership

From: Department of Financial Compliance

Re: Extension of Credit for SuperFund Shares,
SuperUnits and SuperShares.

The purpose of this memorandum is to explain the requirements of Section 11(d)(1) of the Securities and Exchange Act, and certain exemptions from those requirements in SEC Rule 11d1-1 and 11d1-2 thereunder, as they pertain to the extension or maintenance of credit for customers on SuperFund Shares, SuperUnits, or SuperShares.

Generally it is unlawful for a member of a selling group for a mutual fund (or a broker-dealer that participated in such a selling group within the past 30 days) to extend, maintain or arrange credit for a customer in the securities being distributed, unless the securities have been owned by the customer for more than 30 days. Since the SuperFund shares, Super Units, and SuperShares are part of a continuous distribution, customers purchasing units or shares from broker-dealers in the selling group must pay in full for such securities. An exemption to this holding period requirement for a customer of a selling group broker-dealer, is available if (i) such broker-dealer did not sell the shares or units to the customer or buy the shares or units for the customer's account, or (ii) such broker-dealer's customer is a broker, dealer, or bank. It should be noted that the 30 day holding period may be calculated from the time the customer initially purchases the shares or units, regardless of subsequent exchanges, separations, or recombinations by the holder of the security.

Broker-dealers which are not part of the selling group are exempt from the provisions of 11(d)(1) and therefore, may allow customers to purchase such securities on margin.

If a customer of a broker-dealer not in the selling group purchases shares or units on a margin basis, and then transfers the account to a selling group member, the receiving firm may carry the position on the same basis, without consideration of any holding period.

Questions regarding this memorandum should be directed to Diane Malley at (312) 786-7924 or Rich Lewandowski at (312) 786-7183.