

40 percent of it, all he gets is \$800,000. Now, it is not a lot of money. I mean it really is not for the size which he has attained. I mean management companies really are not very profitable. That is the fact of it.

Mr. KEITH. No further questions, Mr. Chairman.

Mr. Moss. I am not going to labor the point with you, but I can only say this: This statement that it will involve a cut in the load from $8\frac{1}{2}$ to $6\frac{1}{2}$ and at the same time strengthen the economics for the independent dealer and his salesman, "This plan is nonexclusive and because of the benefits to all involved we believe it will be copied throughout the industry."

"As you know, the NASD's administrative authority to approve or disapprove this plan is absolute and final."

Now, you are saying that they could approve a plan that would take all of these funds down to a load charge of $6\frac{1}{2}$ percent? Is that what you are saying?

Mr. ALGER. Yes. We specifically recommended it for our management company.

Well, for instance, you have a member here in this room, Mr. Roland Robbins of First Investors, who is on the standing committee.

Mr. Moss. Let's stay to this question.

Mr. ALGER. He could explain it to you better than I.

Mr. Moss. Oh, I do not want anyone else to explain your statement to me. I have quite a number of staff that I can have go over it and explain it. I want to understand quite clearly what you intend to convey to the committee.

Mr. ALGER. The point I was making and trying to make is that I do feel that if the smaller funds, more robust funds had the right to innovate with marketing—you see there are certain problems with the marketing structure as it exists now. For instance, the big problem is if you want to cut the load how do you keep the independent broker-dealer in business.

Mr. Moss. I know, but we have a very specific statement. You say that the "NASD's administrative authority to approve or disapprove is absolute and final."

Mr. ALGER. That is correct.

Mr. Moss. Is not the NASD action subject to review by the Securities and Exchange Commission? And does that not have the effect of staying an action?

Mr. ALGER. According to my lawyers, it does not. Evidently, and it is just a thing that is in the act itself—

Mr. Moss. Well, I can only say that you and your lawyers are either confused or I and my lawyers are confused. You could cut the load on your plans, the plans you advise, to $6\frac{1}{2}$ without any NASD approval, could you not?

Mr. ALGER. Yes, we could, but we could not come in with—for instance, as I say, we plan to use a portion of the management fee to contribute to a pension fund of salesmen through independent broker-dealers.

Now, to do such a plan, even though it is fully revealed in the prospectus and spelled out, and is a part of the discounts and concessions which we would offer, because after all we are cutting the load, to do such a thing we would have to get approval of the NASD.