

Commissions ranging from 64% to 89% of the total Creation and Sales Charge will be paid to authorized investment brokers and mutual fund dealers who are members of the National Association of Securities Dealers, Inc. and who have executed a dealers agreement with the Sponsor. These dealers and investment brokers are independent contractors and nothing contained herein or contained in other literature and confirmations issued by the Sponsor or the Custodian, including the words "representative" or "commission", shall constitute any dealer or investment broker a partner, employee or agent of the Sponsor or the Custodian. Neither the Sponsor nor the Custodian shall be liable for any acts or obligations of any such dealer or investment broker. Dealers who qualify by selling at least \$60,000 face amount of Plans sponsored by the Sponsor in any calendar quarter will be given a bonus commission amounting to 7½% of the first year Creation and Sales Charge. Dealers who qualify by selling at least \$250,000 face amount of such Plans in any calendar quarter will be given a bonus commission amounting to 12.4% of the first year Creation and Advance Sales Charge. Dealers who qualify by selling at least \$1,500,000, \$2,250,000, or \$3,000,000 total dollar face amount of Plans sponsored by the Sponsor in any calendar quarter, and such Plans constitute 60% of the dollar face amount of all Plans sold by the dealer during such calendar quarter, will be given a bonus amounting to 49%, 53%, and 56%, respectively, of the continuing years' Creation and Sales Charge. Under specified conditions a foreign dealer who does not sell within the continental United States receives a commission of 105% of the first year's bonus commission paid to dealers.

EXCERPT FROM THE TELEVISION-ELECTRONICS FUND, INC., PROSPECTUS DATED
JUNE 22, 1967

The Programs are considered to be a unit investment trust under the Investment Company Act of 1940 and are so registered with the Securities and Exchange Commission. Such registration does not imply supervision by the Commission of management or investment policies or practices.

Commission ranging from 64.5% to 77.6% of the total creation and sales charges in respect of Periodic Investment Programs calling for 120 monthly investments, and from 54.6% to 63.4% in respect of Programs calling for 180 monthly investments and up to approximately 88% in respect to Single Investment Programs, will be paid to authorized investment brokers and mutual fund dealers who are members of the National Association of Securities Dealers, Inc., and who have executed a selling group agreement with the Sponsor. In addition, broker-dealers under certain circumstances, are entitled to receive a production bonus equal to no more than 15% of the regular first year commissions and 100% of the regular continuing years' commissions on Periodic Investment Programs.

Mr. KEITH. Is this additional compensation trips to Bermuda and things like that for your sales organization?

Mr. ALLEN. Oh, no. It is all published in the prospectuses of the various funds and fully disclosed.

Mr. KEITH. What is the name of the fund that you sell most of?

Mr. ALLEN. The Fidelity group of funds. There are a whole group of funds. Obviously, in hiring and training salesmen, although obviously we can't restrict them to selling a particular group and have no intention of doing it, on the other hand, to try and train them to sell 300 odd funds and know everything about 300 odd funds is a monumental job.

The biggest thing that we are really selling in funds is the management, and this happens to be a group of funds which have done a very fine job in the past.

Mr. WATKINS. Mr. Allen, didn't the State of Pennsylvania pass a law permitting you to do business with, your companies, mutual companies to do business with the municipalities and county governments, invest in your firms, that is taxpayers' money that would be.

Mr. ALLEN. I am not certain of that, Mr. Watkins.