

In conjunction with its comprehensive program of study of the investment company industry, the Commission should recommend to the Congress legislation amending the present provisions of the Investment Company Act of 1940 which relate to contractual plans. Consideration should be given to the abolition of any future front-end load. If it should be concluded that such abolition is not called for, such legislation should both substantially limit the amount and method of application of any such load and prohibit the offering of front-end load contractual plans by any mutual fund sales organization without the simultaneous offering of a level-load voluntary plan for shares of the same fund and (except for prepayment of selling charges) on substantially the same basis.

(Off the record.)

Mr. KEITH. Back on the record. When the SEC came out with its recommendations based in part upon a study in which you had been intimately involved, did you express yourself publicly about these recommendations?

Mr. COHEN. No, sir. I was not consulted in any manner or degree after I completed the special study in 1963.

Mr. KEITH. And did you make any voluntary observations from the public point of view?

Mr. COHEN. Not in any area involved in the present bills.

Mr. KEITH. Mr. Lyman, it is my understanding that Loomis-Sayles is one of your group.

Mr. LYMAN. That is correct.

Mr. KEITH. Is not Loomis-Sayles the one that is going to try to get into the retail business through Reader's Digest?

Mr. LYMAN. I understand that is correct. I simply saw a newspaper article on the subject.

Mr. COHEN. I understand that is true, in respect of an operation abroad.

Mr. LYMAN. It is not true domestically.

Mr. COHEN. It is not a domestic operation at all.

Mr. KEITH. Mr. Cohen, do you generally concur in the testimony offered by Mr. Lyman?

Mr. COHEN. Yes, sir.

Mr. KEITH. Isn't his testimony in direct opposition to some of the special study's proposals, about which I was asking you?

Mr. COHEN. I don't believe there is anything in Mr. Lyman's testimony that is in the slightest degree inconsistent with anything in the special study.

What we focused on mostly in the special study regarding mutual funds was selling practices, and of course the group I now represent, the no-load group, does not have salesmen and doesn't engage in selling in the sense that was being talked about.

In the Special Study we also commented particularly on the front-end load, but the group I represent here is about as far away on the spectrum from the front-end load as you can get, so I don't believe there is anything that we are now saying that is at all inconsistent.

Mr. MURPHY. Excuse me, Mr. Cohen. Mr. Keith, those are the second bells, and I am afraid we are going to have to go to the floor. Would you like to submit some questions in writing to Mr. Cohen?

Mr. KEITH. It is your intention to stop the hearing now?

Mr. MURPHY. That is right. We are going to adjourn until tomorrow morning at 10 o'clock in room 2123.