



Dear Customer,

This letter is another in a series to keep you updated as to the latest efforts at Matrix Settlement & Clearance Services, LLC ("Matrix") to assist you in reaching full compliance with Securities and Exchange Commission Rule 22c-2. As always, it is our goal to keep you informed as to where we are throughout the process. This communication provides an update as to where outstanding issues such as the "Matrix Rule", Data Reporting and the Compliance Date currently stand, as well as information on individual registration. We will provide additional information in future updates as the new deadlines approach.

Updates in this communication are:

**Final Rule 22c-2 and the "Matrix Rule":** Attached is the SEC's Final Rule. We are pleased to point out that as a result of our comment letter to the SEC (please refer to page 7 and footnote #19 of the Rule) Matrix will be permitted to sign the Information Services Agreements with the fund companies on behalf of our customers. The final Rule also extends until April 16, 2007 the compliance date for funds to enter into these Information Services Agreements and extends until October 16, 2007 the compliance date for funds to request and then promptly receive the shareholder identity and transaction information pursuant to the Shareholder Information Agreements.

We have drafted the attached proposed amendment to the agreements we have with each of our customers to allow for our signing the ISAs on your behalf. Please review this amendment, which outlines your responsibilities when we sign the ISAs. This amendment is subject to change and we will finalize it for each of our customers signature as April of 2007 approaches.

**Data Reporting and Compliance Date:** Matrix is currently in the process of finalizing the flow of data that will be requested from the funds to Matrix and then from Matrix to our customers. To date, Matrix has completed its review of and is testing the NSCC layouts for receipt of these requests and for reporting the requested data back to the funds. We have also been in communication with many of the vendors who provide our customers with their trust and recordkeeping systems. Discussions with those vendors regard what they are doing to support the funds request for data, which will be passed from Matrix, and how our common customers will supply the requested data back to Matrix. In the event that your vendor does not provide for an automated method of supplying Matrix with the data as requested by the funds, Matrix will provide for

the data to be forwarded to us in one or more of the following methods: direct file transmission in the NSCC layout; a simple spreadsheet or flat file transmission; and/or input via our Bridge.net application. We will provide more detailed information with regards to the data reporting process between now and the compliance date of October 16, 2007.

**Individual Registration as an Alternative to Omnibus Processing:** We also want to share with you what may prove to be, in some cases, a preferred alternative to your current approach to holding mutual fund accounts for your customers and that is individual registration vs. omnibus processing. The Matrix technology makes individual registration a method that is proven, in some cases, to be cost effective and more efficient when it comes to reconciliation with the funds. In addition, issues like reporting requirements with respect to Rule 22c-2 and redemption fee tracking completely disappear when the mutual funds have this data on their own transfer agent systems. Please contact us if you are interested in further discussing the benefits of individual registration to determine if it may be a preferred alternative for you.

Our goal is to keep you as informed as possible throughout this process. There are likely to be additional questions as the new Rule 22c-2 compliance dates approach, so please feel free to contact us as those questions arise.

Regards,

John Moody  
President

Cliff D'Amato  
Chief Executive Officer

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