

MEMO# 5499

January 18, 1994

RECENT SPEECH BY SEC COMMISSIONER ROBERTS

January 18, 1994 TO: BANK INVESTMENT MANAGEMENT MEMBERS NO. 3-94 BOARD OF GOVERNORS NO. 8-94 INVESTMENT ADVISERS COMMITTEE NO. 3-94 SEC RULES COMMITTEE NO. 8-94 STATE LIAISON COMMITTEE NO. 6-94 RE: RECENT SPEECH BY SEC COMMISSIONER ROBERTS _____ In a wide-ranging speech at the recent NASAA Winter Enforcement Conference, SEC Commissioner Richard Roberts stated that the "joint objective" of the Commission and NASAA should be to strengthen the oversight of the investment company industry in an efficient, non-duplicative manner." Commissioner Roberts also: - expressed concern about apparent investor confusion over the uninsured nature of bank-sold mutual funds and noted that "this appears to be a fertile area" for the Commission and NASAA to work together; - recommended that the federal securities laws be amended to require banks that manage mutual funds to register as investment advisers and to establish a federal standard of fiduciary duty in dealings between a mutual fund and its custodian; - urged that banks be permitted to sponsor and distribute mutual funds, provided they do so through separate nonbank affiliates and subject to appropriate protections (either legislative or regulatory) against potential conflicts of interest; - expressed support for the SEC's summary prospectus proposal and encouraged NASAA to "remain actively and constructively involved" in this project as well as the Commission's review of prospectus disclosure generally; and - supported implementation of a "one stop" electronic filing program for investment advisers and investment companies. A copy of Commissioner Roberts' remarks is attached. We will keep you advised of further developments in these areas. Paul Schott Stevens General Counsel Attachment