

**MEMO# 4716**

April 20, 1993

# **INSTITUTE COMMENT LETTER ON 1993 CONFERENCE ON FEDERAL- STATE SECURITIES REGULATION**

April 20, 1993 TO: BOARD OF GOVERNORS NO. 36-93 STATE SECURITIES MEMBERS NO. 17-93 SEC RULES COMMITTEE NO. 38-93 UNIT INVESTMENT TRUST COMMITTEE NO. 19-93 RE: INSTITUTE COMMENT LETTER ON 1993 CONFERENCE ON FEDERAL- STATE SECURITIES REGULATION \_\_\_\_\_ Since 1983, the Securities and Exchange Commission and the North American Securities Administrators Association have held an annual conference on uniformity of federal-state securities regulation. Prior to the Conference, the SEC and NASAA solicit comments on the issues to be discussed. The Institute noted in its comment letter that while significant process has been made with respect to developing uniform and coordinated procedural requirements for the regulation of investment companies and investment advisers, comparable progress has not been made with respect to substantive regulation on the state level. The Institute's letter emphasizes the need for the SEC, NASAA and the individual states to work together to minimize the inconsistencies which result from a dual state/federal regulatory scheme and to resolve any differences that may occur. Moreover, cooperation between the various regulators will be necessary to implement certain of the recommendations contained in the Division of Investment Management's report on the investment company industry, *Protecting Investors: A Half Century of Investment Company Regulation*, (e.g., interval fund proposal, off-the-page proposal). The Institute's letter also specifically focused on the growing trend of state regulators to require unnecessary disclosure in a fund prospectus which deviates from that required on the federal level, or any other state, and the need for NASAA and the individual states to work together to develop uniform disclosure requirements. The Institute also urged the states which impose investment restrictions on mutual funds in a manner inconsistent with federal regulation to discontinue application of these restrictions. \* \* \* Attached is a copy of the Institute's comment letter. Patricia Louie Associate Counsel Attachment