

**MEMO# 5077**

August 19, 1993

# **STREAMLINING MONEY MARKET FUND PROSPECTUSES**

August 19, 1993 TO: MONEY MARKET FUNDS AD HOC COMMITTEE NO. 8-93 PROSPECTUS SIMPLIFICATION TASK FORCE RE: STREAMLINING MONEY MARKET FUND PROSPECTUSES

As you may know, SEC Chairman Levitt recently testified at a hearing held by the House Telecommunications and Finance Subcommittee on the mutual fund industry. Among other things, he stated that in connection with improving the readability of mutual fund prospectuses, the Division of Investment Management is considering streamlining the disclosure requirements for money market fund prospectuses. A member of the Division staff confirmed this and informed us that they believe money market fund prospectuses are currently longer than they need to be. The staff member admitted that part of the reason is due to staff comments. Some of the areas that the staff believes could be streamlined include disclosure about (1) the securities in which the fund may invest, (2) NRSROs and (3) the regulatory requirements applicable to money market funds (which apparently are described at length in some prospectuses). The staff member indicated that the Division is receptive to industry suggestions on ways to improve money market fund prospectuses. We were advised that this project is on a fairly fast track. Therefore, please provide me with your thoughts on this matter by September 10. My direct number is 202/955-3523 and the fax number is 202/659-1519. Please note that I will be out of the office the week of August 23-27. Amy B.R. Lancellotta Associate Counsel