

**MEMO# 8439**

December 6, 1996

## **DUE DILIGENCE SURVEY RESULTS**

December 6, 1996 TO: ACCOUNTING/TREASURERS COMMITTEE No. 48-96 RE: DUE DILIGENCE SURVEY RESULTS

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Enclosed please find the results of the Due Diligence Survey conducted by the Securities Operations Subcommittee and the Custodians Advisory Group during the third quarter of 1996. The purpose of the Due Diligence Survey was to determine what current mutual fund industry practices are with respect to minimizing the risks of investing in foreign markets with local sub-custodians and brokers. The survey also sought to determine how fund investment advisers deal with operational issues in both established and emerging foreign markets. Finally, the survey looked at how fund investment advisers identify and assess potential risks and determine the appropriateness of investing in new markets. To those of you that responded to the survey, thank you for your time and effort. The resulting report provides a benchmark of the mutual fund industrys current foreign market due diligence practices against which individual fund investment advisers may compare their practices. Questions or comments on the Due Diligence Survey results may be directed to the undersigned at 202/326-5847. Diane M. Butler Director - Operations & Fund Custody Enclosure

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