

MEMO# 7445

November 27, 1995

INSTITUTE COMMENT LETTER ON SEC INTERPRETATION AND RULE PROPOSALS ON USE OF ELECTRONIC MEDIA FOR DELIVERY PURPOSES

1 See Memorandum to Accounting/Treasurers Committee No. 41-95, Closed-End Fund Committee No. 47-95, SEC Rules Committee No. 109-95, Subcommittee on Advertising No. 19-95, Unit Investment Trust Committee No. 74-95, Technology Advisors Roundtable, dated October 10, 1995. November 27, 1995 TO: ACCOUNTING/TREASURERS COMMITTEE No. 52-95 CLOSED-END FUND COMMITTEE No. 58-95 SEC RULES COMMITTEE No. 124-95 SUBCOMMITTEE ON ADVERTISING No. 25-95 UNIT INVESTMENT TRUST COMMITTEE No. 83-95 TECHNOLOGY ADVISORS ROUNDTABLE RE: INSTITUTE COMMENT LETTER ON SEC INTERPRETATION AND RULE PROPOSALS ON USE OF ELECTRONIC MEDIA FOR DELIVERY PURPOSES _____ As

we previously informed you, the Securities and Exchange Commission has issued for public comment an Interpretative Release and proposed rules related to the electronic delivery of information under the securities laws.¹ The Institute recently submitted the attached comment letter on the Commissions interpretation and proposed rules. With respect to the Interpretive Release, the Institutes letter recommends clarification of several principles related to notice, access and delivery of electronic documents. First, it recommends that the Commission clarify that a fund may use one of several means to notify shareholders of updates and amendments to electronic documents. Second, it recommends that the "comparable access" standard described in the release encompass the use by funds of background software for the displaying of electronic documents. Third, it recommends clarification that funds are not required to deliver a transcript appendix of a movie or multimedia presentation in an electronic prospectus to investors who receive a paper prospectus. Fourth, it recommends that delivery of electronic confirmations of purchases and sales of mutual fund shares be permitted. Finally, the letter recommends clarification of several issues related to the use of electronic advertising by mutual funds, including the extent to which the advertising rules apply to communications on electronic bulletin boards and in "chat rooms." With respect to the proposed rules, the letter (1) seeks clarification of the formatting requirements specified in the proposed rules; (2) recommends several less costly alternatives to the proposed rule change for narrative descriptions of graphic, image and audio information in EDGAR filings; and (3) requests that transfer agent forms TA-1 and TA-2 be included in the EDGAR filing system. Alexander C. Gavis Assistant Counsel

Attachment

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