

MEMO# 6971

May 26, 1995

INSTITUTE LETTER ON SEC SOFT DOLLARS DISCLOSURE PROPOSAL; PROPOSED FORM RULE AMENDMENTS

1 See Memorandum to Closed-End Fund Committee No. 20-95, Investment Advisers Committee No. 20-95, SEC Rules Committee No. 57-95 and Soft Dollars Task Force, dated April 18, 1995. May 26, 1995 TO: CLOSED-END FUND COMMITTEE No. 25-95 INVESTMENT ADVISERS COMMITTEE No. 25-95 SEC RULES COMMITTEE No. 66-95 SOFT DOLLARS TASK FORCE RE: INSTITUTE LETTER ON SEC SOFT DOLLARS DISCLOSURE PROPOSAL; PROPOSED FORM RULE AMENDMENTS

_____ The Institute submitted the attached comment letter on the SEC's proposal to require investment advisers to disclose certain information regarding their use of client brokerage and receipt of soft dollar services. The letter is substantially similar to the draft that we circulated to you previously.¹ The only significant difference is that the final version of the letter opposed requiring advisers to provide a list of the brokers they most frequently used. If the Commission is determined to require such disclosure, however, we recommended that it be limited to the top ten brokers with no distinction between "execution-only" and "research" brokers, which is what we initially recommended in our draft letter. Also attached for your review and comment are draft proposed amendments to Item 12 of Part II, Form ADV and to Rule 204-3 under the Investment Advisers Act intended to implement the recommendations in our letter. We are considering submitting these amendments to the SEC as a supplement to our comment letter. Please provide me with your comments on the draft amendments by June 9, 1995. My direct number is 202/326-5824. Amy B.R. Lancellotta Associate Counsel Attachments