

MEMO# 5876

May 11, 1994

NASAA FORMS DISCLOSURE REFORM COMMITTEE

May 11, 1994 TO: RESEARCH COMMITTEE NO. 14-94 SEC RULES COMMITTEE NO. 53-94 RE: NASAA FORMS DISCLOSURE REFORM COMMITTEE

The North American Securities Administrators Association (NASAA) recently formed a Disclosure Reform Committee to develop recommendations to improve existing disclosure requirements and practices in the securities industry, including the mutual fund industry. The Committee anticipates issuing a report within a year. The Institute will be serving on an Advisory Committee that will assist the Committee in its efforts. Among other things, the Disclosure Reform Committee intends to (1) consider ways to simplify prospectuses to enhance investor understanding, (2) determine whether there is a need to deliver the prospectus to investors at the time of their investment, rather than with the confirmation statement, and (3) explore whether confirmation statements should include additional information about fees and/or a statement that the investment has been approved for either conservative or speculative investors. The Committee has requested the Institute's assistance in obtaining information about efforts that have already been undertaken to improve the readability of prospectuses and the identification of any experts and other resources that may be useful in this regard. Attached is a draft agenda for the Committee's first meeting that identifies with greater specificity the information it is interested in obtaining. If you or anyone within your firm has any information or recommendations that would be useful to the Disclosure Reform Committee in their work on this important project, please provide them to me by Friday, May 20, 1994. Any information you provide to us will be kept confidential upon request. My direct number is 202/326-5821 and the fax number is 202/326-5828. Patricia Louie
Associate Counsel Attachment