

**MEMO# 11812**

April 13, 2000

## **HOUSE PASSES AFTER-TAX DISCLOSURE BILL; SEC PROPOSES RULE ON SAME**

[11812] April 13, 2000 TO: BOARD OF GOVERNORS No. 23-00 FEDERAL LEGISLATION MEMBERS No. 5-00 PRIMARY CONTACTS - MEMBER COMPLEX No. 26-00 PUBLIC INFORMATION COMMITTEE No. 14-00 RE: HOUSE PASSES AFTER-TAX DISCLOSURE BILL; SEC PROPOSES RULE ON SAME

In early April, the House passed H.R. 1089, the "Mutual Fund Tax Awareness Act of 2000," by a 358-2 vote. The bill directs the SEC to adopt a rule within 18 months of enactment to require improved disclosure in investment company prospectuses or annual reports of after-tax returns to investors. H.R. 1089 defers to the SEC about whether to list such returns on a pre- or post-liquidation basis, or both. On March 15, the SEC favorably voted to propose a rule requiring mutual funds to disclose the effects of taxes on performance. The rule would require mutual funds to disclose pre- and post- liquidation returns for one-, five- and 10-year periods in prospectuses and annual reports. The comment period on the proposed rule ends June 30. In his April 3 floor statement, House Commerce Committee Chairman Tom Bliley (R-VA) said that despite the recent SEC action, H.R. 1089 is necessary to ensure that these regulations go into effect. Congressman Gillmor (R-OH), the lead sponsor of the bill, noted "the responsible efforts of the mutual fund industry to improve after-tax disclosure" and commended the industry and the SEC for their forward-looking approach. We will keep you informed of further developments. Matthew P. Fink President Attachment Note: Not all recipients receive the attachment. To obtain a copy of the attachment referred to in this Memo, please call the ICI Library at (202) 326-8304, and ask for attachment number 11812. ICI Members may retrieve this Memo and its attachment from ICINet (<http://members.ici.org>).