

**MEMO# 5014**

July 30, 1993

# **INSTITUTE SUBMITS MEMORANDUM TO NASAA ON BANK SALES OF MUTUAL FUNDS**

July 30, 1993 TO: BANK INVESTMENT MANAGEMENT MEMBERS NO. 17-93 SEC RULES COMMITTEE NO. 68-93 STATE LIAISON COMMITTEE NO. 30-93 RE: INSTITUTE SUBMITS MEMORANDUM TO NASAA ON BANK SALES OF MUTUAL FUNDS

Three separate committees of the North American Securities Administrators Association, Inc. ("NASAA") have initiated studies of the retail practices of banks that sell mutual funds. Among other issues, it is the Institute's understanding that the studies will review the adequacy of the disclosures provided to investors regarding the uninsured nature of mutual funds and the qualifications of personnel who sell investments. In order to assist NASAA, and the NASAA Committees involved in the study, the Institute prepared the attached Memorandum which outlines the growth of bank sales of mutual funds and the current regulation of sales practices under both securities and banking laws. The last section of the Memorandum discusses the Institute's proposed guidelines for bank retail mutual fund sales activities. The Institute will monitor the actions of the various committees and keep you advised of developments.

Patricia Louie Associate Counsel Attachment