

MEMO# 6582

January 19, 1995

IMPROVING THE SEC'S DISCLOSURE REVIEW PROCESS

January 19, 1995 TO: SEC RULES COMMITTEE No. 8-95 RE: IMPROVING THE SEC'S
DISCLOSURE REVIEW PROCESS

_____ In a recent speech focusing on the readability of mutual fund prospectuses, SEC Chairman Levitt acknowledged that the SEC staff is partly to blame for any lack of clarity in prospectuses. To remedy this, he stated that the Division of Investment Management had formed a task force to study ways to improve the disclosure review process. This task force also was mentioned by Investment Management Division Director Barry Barbash in his opening remarks at the Institute's Procedures Conference in December. In describing the task force and its objectives, Mr. Barbash specifically stated that the staff is interested in industry input. Yesterday, we received the attached letter from C. Gladwyn Goins, Associate Director of the Division, describing the goals of that task force and the approach it will take. Specifically, the letter states that the task force will undertake a review of (1) the procedural process and (2) the substantive comments given to registrants. In addition, the staff intends to review the allocation of disclosure between the prospectus and the SAI. The letter requests the industry's comments on this matter. Over the years, we have heard many complaints from members about the disclosure review process. Therefore, we are pleased that the staff has undertaken a review of the process and, in particular, that they have sought our input on this project. We view this as a rare opportunity to provide the staff with constructive recommendations for improving the process. Because there is every indication that Chairman Levitt and the Division are serious about improving the process, we urge you to give this your attention and serious consideration. Please provide Amy Lancellotta (202/326- 5824) with your views on this matter generally and any specific recommendations you may have by February 8, 1995. Paul Schott Stevens General Counsel Attachment