

**MEMO# 6657**

February 14, 1995

## **INSTITUTE SUBMISSION OF FACSIMILE PROFILE PROSPECTUSES TO SEC**

February 14, 1995 TO: BOARD OF GOVERNORS No. 28-95 SEC RULES COMMITTEE No. 22-95  
RE: INSTITUTE SUBMISSION OF FACSIMILE PROFILE PROSPECTUSES TO SEC

As you may recall, last October SEC Chairman Levitt announced a new initiative, the "profile prospectus," which is intended to provide a concise summary for use in connection with the full prospectus. Eight fund groups were selected to develop facsimile profile prospectuses. The Institute recently submitted to the Commission facsimiles developed by the eight fund groups, along with instructions that the members followed in developing their facsimiles. Each fund group prepared three samples, for an equity fund, a fixed income fund, and a money market fund. As designed by the eight members, the profile prospectus would be a self-contained document that would accompany the full prospectus, either as a separate document or as a prospectus "wrapper." For regulatory purposes, it would be considered an omitting prospectus under Rule 482 of the Securities Act; it would not be part of a funds registration statement. The eight participating organizations agreed on the need for considerable standardization so that investors would be in a position to compare readily the funds offered by different fund complexes. The information in all of the profile prospectuses thus consists of eleven items, presented in the same order and numbered accordingly. These eleven items cover the funds investment objectives and strategies, risks, appropriateness for certain investors, fees and expenses, performance (including a bar chart depicting 10-year total return), identity of adviser, procedures for purchases, redemptions, and distributions, and other services. Additional information (i.e., information beyond what would be required under the eleven items) would not be permitted, in the interests of standardization. Attached are copies of the Institute's letters to the Commission submitting the facsimiles and the instructions that the eight fund groups followed. Please contact Tom Selman (at 202/326-5819) if you also would like to obtain copies of the facsimiles. Paul Schott Stevens General Counsel Attachments