

MEMO# 1611

December 21, 1989

LETTER TO SEC REGARDING PENDING MATTERS

December 21, 1989 TO: SEC RULES COMMITTEE NO. 80-89 RE: LETTER TO SEC REGARDING PENDING MATTERS _____ As you may recall, the Institute assembled last spring a list of pending matters that had not yet been addressed by the SEC staff. In March we met with the staff and gave them a list of the five items that were our highest priority for resolution. Since that time, one of the priority items, the need for rules regarding fund investment in foreign banks and foreign securities firms, has been addressed by two recent rule proposals (proposed Rules 12d1-1 and 12d3-1). However, the following four other priority items have not yet been addressed by the staff: 1) a revision of the investment company proxy rules, particularly the staff's current interpretation regarding the date of the adviser's balance sheet; 2) a revision of the staff's current position on the ability of a mutual fund to reserve the freedom to concentrate; 3) a change in the staff position that a fund using the term "tax-exempt" in its name can invest no more than 20 percent of its portfolio in obligations subject to the alternative minimum tax; and 4) a rule exempting investment companies and advisers from the provisions limiting investment in public utility companies and public utility holding companies. The attached letter reminds the staff of these pending items and urges prompt resolution. We will keep you informed of developments. Catherine L. Heron Deputy General Counsel
Attachment