

MEMO# 6489

December 21, 1994

AMENDMENTS TO ARTICLE 6 OF REGULATION S-X

December 21, 1994 TO: ACCOUNTING/TREASURERS MEMBERS No. 44-94 INDEPENDENT ACCOUNTANTS ADV. GROUP No. 12-94 RE: AMENDMENTS TO ARTICLE 6 OF REGULATION S-X _____ The Securities and Exchange Commission recently adopted amendments to Article 6 of Regulation S-X which governs the form and content of investment company financial statements. The amendments relate to certain schedules to be included in the annual and semi-annual report to shareholders. Article 6-10 of Regulation S-X identifies certain schedules to be included in funds' financial statements, including, among others, Investments in and Advances to Affiliates, Securities Sold Short, and Open Option Contracts Written. The recently adopted amendments eliminate two schedules, Schedule IV - Amounts Due From Directors and Officers, and Schedule VII - Short-term Borrowings. Schedule IV provides detail on amounts receivable from directors or officers, including beginning balance, repayments during the period and the ending balance as of the balance sheet date. Also required is a discussion of pertinent information such as the due date, the interest rate, terms of repayment, and collateral. The Commission determined that Schedule IV is redundant insofar as generally accepted accounting principles require presentation of similar information. Statement of Financial Accounting Standards No. 57 - Related Party Disclosures, requires disclosure of amounts receivable from and payable to related parties, including management. Schedule VII provides detail on borrowings payable in twelve months or less including weighted average interest rate, maximum amount outstanding during the period, average amount outstanding during the period, and ending balance as of the balance sheet date. The recently adopted amendments eliminated Schedule VII. However, an instruction has been added to the interest expense caption in the Statement of Operations requiring disclosure of the average dollar amount of borrowings and the average interest rate. These amendments, which are effective December XX, are described in the attached Investment Company Release No. 20766. Gregory M. Smith
Director - Operations/ Compliance & Fund Accounting attachment