

MEMO# 3559

March 4, 1992

INSTITUTE COMMENTS ON NASAA "HUB AND SPOKE" DISCLOSURE

March 4, 1992 TO: SEC RULES COMMITTEE NO. 9-92 STATE LIAISON COMMITTEE NO. 6-92
RE: INSTITUTE COMMENTS ON NASAA "HUB AND SPOKE" DISCLOSURE

As we previously advised you, last month the NASAA Investment Company Registration/Trading Practices Committee issued cover page and prospectus disclosure language for states to use in reviewing applications for registration of "hub and spoke" funds. (See Memorandum to SEC Rules Committee No. 8-92 and State Liaison Committee No. 4-92, dated February 18, 1992.) The Institute contacted the Chair of the NASAA Committee to express its concern with respect to the disclosure, particularly the fee table disclosure which is inconsistent with that required by the Securities and Exchange Commission. In addition, the Institute submitted a letter to the NASAA Committee which sets forth specific concerns regarding the appropriateness of the NASAA disclosure for these types of funds. A copy of the Institute's letter was also sent to several other states that have expressed an interest in, or commented on, hub and spoke funds. These states are Arizona, Missouri, Oklahoma, South Dakota, Texas, Washington and Wisconsin. Attached is a copy of the Institute's letter to the NASAA Committee and the cover letters to the above-referenced states. We have requested a meeting with the NASAA Committee and the other interested states to discuss our concerns. We will keep you advised of developments. Patricia Louie Assistant General Counsel Attachments

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