

**MEMO# 16958**

January 12, 2004

# **INSTITUTE DRAFT COMMENT LETTER ON PROPOSED REVISIONS TO FORM N-1A RELATING TO SALES CHARGE BREAKPOINT DISCLOSURE**

[16958] January 12, 2004 TO: SEC RULES COMMITTEE No. 3-04 RE: INSTITUTE DRAFT COMMENT LETTER ON PROPOSED REVISIONS TO FORM N-1A RELATING TO SALES CHARGE BREAKPOINT DISCLOSURE As we previously informed you, in order to assist investors in understanding and taking advantage of the sales charge breakpoint discount opportunities available to them, in December 2003, the Securities and Exchange Commission proposed amendments to Form N-1A to require enhanced prospectus disclosure of specified information relating to breakpoints.<sup>1</sup> With one exception, the Commission's proposal is largely consistent with revisions to Form N-1A that the Institute recommended to the Commission last November.<sup>2</sup> The one exception is a requirement in the Commission's proposal that funds disclose in the prospectus information about the contents of the fund's website relating to breakpoints. If the fund does not have a website, the prospectus would have to disclose of this fact. The Institute has prepared the attached draft letter in response to the Commission's proposal. The draft supports the Commission's proposed revisions but recommends that, if a fund includes breakpoint information on its website, the discussion of breakpoints in the prospectus should be required only to mention the availability of this information and provide the fund's website address. In addition, the Institute recommends that funds be provided at least sixty days from adoption to comply with the new disclosure requirements. Comments are due to the Commission no later than February 6, 2003. Accordingly, persons with comments on the Institute's draft should provide them to the undersigned no later than Friday, January 23rd by phone (202) 326-5825, fax (202) 326-5839, or e-mail (tamara@ici.org). Tamara K. Salmon Senior Associate Counsel Attachment (in .pdf format) 1 See Memorandum to SEC Rules Committee No.106-03 [16909], dated Dec. 19, 2003, summarizing SEC Release Nos. 33-8347 and IC-26298 (Dec. 17, 2003), which is available on the SEC's website at: <http://www.sec.gov/rules/proposed/33-8347.htm>. 2 See Memorandum to SEC Rules Members No. 163-03 [16806], dated Nov. 21, 2003.