

MEMO# 7279

September 18, 1995

DRAFT INSTITUTE LETTER ON MONEY FUND PROSPECTUS SIMPLIFICATION PROPOSAL

1 See Memorandum to Accounting/Treasurers Committee No. 29-95, Money Market Funds Ad Hoc Committee No. 9-95 and SEC Rules Committee No. 84-95, dated July 25, 1995. September 18, 1995 TO: ACCOUNTING/TREASURERS COMMITTEE No. 35-95 MONEY MARKET FUNDS AD HOC COMMITTEE No. 12-95 SEC RULES COMMITTEE No. 104-95 RE: DRAFT INSTITUTE LETTER ON MONEY FUND PROSPECTUS SIMPLIFICATION PROPOSAL

Attached is a draft of the Institutes comment letter on the SECs proposed amendments to the disclosure requirements for money market funds, to allow such funds to provide investors with a shorter, more readable document.¹ The SEC also proposed several amendments to the disclosure requirements applicable to all mutual funds. The letter reflects the views expressed by members at the August 17th meeting at which this proposal was discussed. The letter generally expresses support for the proposed amendments to permit a simplified money fund prospectus, the most significant of which include replacing the financial highlights with a bar graph showing the funds total return for each of the last ten years and permitting funds to describe themselves in their prospectuses with very general statements about their investment objectives and portfolio composition, rather than a detailed discussion of the particular securities in which they may invest. The letter recommends that these amendments be extended to all mutual funds. The letter strongly opposes, however, the proposed requirement that the bar graph reflect, by shading or other means, any capital gains distributions made by the fund. The letter expresses support for most of the other proposed changes to Form N-1A, but with proposed modifications to several of the proposals. Comments are due to the SEC by September 27th. Therefore, please provide me with your comments on the draft letter by Friday, September 22, 1995. My direct number is 202/326-5824. Amy B.R. Lancellotta Associate Counsel Attachment