

MEMO# 13529

May 21, 2001

FOREIGN SECURITIES VALUATION PAPER -- MEETING ON JUNE 12TH

[13529] May 21, 2001 TO: SEC RULES COMMITTEE No. 39-01 RE: FOREIGN SECURITIES VALUATION PAPER – MEETING ON JUNE 12TH As previously indicated, the staff of the SEC’s Division of Investment Management recently issued a letter to the Institute following up on its December 1999 letter regarding fund pricing obligations.¹ The new letter provides the staff’s views on a number of valuation issues, including funds’ obligations with respect to the valuation of foreign securities. Notably, the letter indicates that a fund must fair value foreign securities if a “significant event” occurs after the close of the foreign market on which the securities primarily trade but before the time that the fund has set for its NAV calculation.² To assist members in complying with the staff’s fair value pricing guidance, particularly as it applies to investments in foreign securities, the Institute plans to develop a supplement to its 1997 paper on valuation and liquidity issues for mutual funds. We will hold a meeting of the Foreign Securities Valuation Working Group (which met last summer on similar issues) to discuss this project on Tuesday, June 12th at 10:00 a.m. in the David Silver Conference Room on the 12th Floor at the Institute. Lunch will be served. A list of members of the Working Group is attached. If you would like to join the Working Group, add a representative to the Working Group, or change the current representative(s) from your firm, please provide that information on the attached response form and return the form by fax to Laura Whitehead at 202/326-5841 by Friday, June 1st. Robert C. Grohowski Associate Counsel Attachments Attachment no. 1 (in .pdf format) 1 See Memorandum to SEC Rules Members No. 37-01, dated May 1, 2001. 2 A “significant event” is defined in the staff’s letter as an event that will affect the value of the security.