

MEMO# 1645

January 11, 1990

STAFF RESPONSE TO INSTITUTE LETTER ON PROSPECTUS LETTER

January 11, 1990 TO: BOARD OF GOVERNORS NO. 4-90 SEC RULES MEMBERS NO. 3-90 RE:
STAFF RESPONSE TO INSTITUTE LETTER ON PROSPECTUS LENGTH

The Institute recently submitted a letter to the staff expressing our concern about "disclosure creep," i.e., the increasing number of disclosure requirements being added to the fund's prospectus by the Commission and the staff and the consequential increased length of fund prospectuses. (See Memorandum to Board of Governors No. 78-89 and SEC Rules Members No. 74-89, dated December 27, 1989.) Attached is a copy of the staff's response to our letter. While the staff does not necessarily share our concern about the increasing length of fund prospectuses, they do agree that additional disclosure requirements should be considered in light of the size and comprehensibility of the prospectus as a whole. In addition, Kathryn McGrath stated in her letter that the primary responsibility of the length and readability of the prospectus rests with the registrant and its counsel. In this respect, she suggested that funds review their prospectuses to identify areas in which disclosure may be deleted or reduced such as disclosure regarding repurchase agreements, options and futures transactions and arrangements raising potential Glass- Steagall issues. Amy B. Rosenblum
Assistant General Counsel Attachment

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