

MEMO# 5683

March 18, 1994

ADDRESS BY SEC COMMISSIONER BEESE SUPPORTS USE OF SUMMARY PROSPECTUS IN THE RETIREMENT PLAN CONTEXT

March 18, 1994 TO: PENSION COMMITTEE NO. 11-94 RE: ADDRESS BY SEC COMMISSIONER BEESE SUPPORTS USE OF SUMMARY PROSPECTUS IN THE RETIREMENT PLAN CONTEXT

As we previously reported, the Securities and Exchange Commission has proposed to amend Rule 482 to permit investors to purchase mutual fund shares from a summary prospectus. In its comment letter concerning this proposal, the Institute stated that the summary prospectus format would aid investors in assessing a particular mutual fund and to compare among funds, and noted that this benefit would be particularly important to defined contribution plan participants. (See Institute Memoranda to Pension Committee Nos. 10-93 and 22-93, dated March 24, 1993 and June 24, 1993, respectively.) In a recent address, SEC Commissioner J. Carter Beese, Jr. addressed disclosure in the retirement plan context, and reaffirmed his statement at the Institute's 1993 Pension Conference that, under current law, "no one -- including mutual funds regulated by the SEC -- is required to provide any information directly to plan participants." (See Institute Memorandum to Pension Committee No. 13-93, dated April 15, 1993.) In discussing the SEC Division of Investment Management's recommendation that delivery of prospectuses to plan participants be required, Commissioner Beese cautioned that the SEC should not push for any new disclosure requirements unless the requirements could be satisfied for this segment of the market by using standardized, short-form summary prospectuses. A copy of the relevant pages of the address is attached. We will keep you informed of developments. Kathy D. Ireland Associate Counsel - Pension Attachment

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