

MEMO# 6488

December 21, 1994

DRAFT INSTITUTE LETTER ON SEC CONCEPT RELEASE ON DISCLOSURE OF FORWARD-LOOKING INFORMATION

December 21, 1994 TO: CLOSED-END FUND COMMITTEE No. 36-94 SEC RULES COMMITTEE No. 135-94 UNIT INVESTMENT TRUST COMMITTEE No. 86-94 RE: DRAFT INSTITUTE LETTER ON SEC CONCEPT RELEASE ON DISCLOSURE OF FORWARD-LOOKING INFORMATION

As we previously informed you, the Securities and Exchange Commission has issued a concept release soliciting comment on current practices relating to disclosure of forward-looking information and the current effectiveness of the safe harbor provisions for such information set forth in Rules 175 under the Securities Act and 3b-6 under the Exchange Act. (See Memorandum to Closed-End Fund Members No. 37-94, SEC Rules Members No. 79-94 and Unit Investment Trust Members No. 41-94, dated October 31, 1994.) In the release, the SEC solicited comment on whether the safe harbors should be extended to cover forward-looking information issued by investment companies. Attached is a draft comment letter on the release. The draft letter opposes extending the safe harbor to investment company performance information, but recommends that it cover non-performance related information (such as a portfolio manager's opinion on the long-term performance of a particular sector that might affect an investment company's performance). Such information can be useful to investors in evaluating their investment in a particular fund. Currently, however, funds may be reluctant to make such disclosure based on a concern that it may expose them to greater litigation risk. Comments on the SEC's concept release are due by January 11, 1995. Please provide me with your comments on the draft letter by January 4, 1995. My direct number is 202/326-5824. Amy B.R. Lancellotta Associate Counsel Attachment