

**MEMO# 3409**

January 3, 1992

## **MEETING TO FINALIZE RECOMMENDED ENHANCEMENT DISCLOSURE**

January 3, 1992 TO: YIELD ENHANCEMENT TASK FORCE NO. 1-92 RE: MEETING TO FINALIZE  
RECOMMENDED ENHANCEMENT DISCLOSURE

The next meeting of the Institute's Yield Enhancement Task Force has been scheduled for Thursday, January 23 at 10:00 a.m. The meeting will be held at the Institute. At the meeting, the Task Force will consider the proposed disclosure of enhancement techniques as approved at the last meeting of the Task Force on December 3. At the December 3 meeting, it was agreed that, in light of the recent NASD Notice to Members discussing the obligation to disclose the effects of interest rates on prices of shares of bond funds in the context of sales to holders of maturing CD's, the Task Force should not recommend any further disclosure requirements in this area. With respect to disclosures of distribution enhancing techniques, the Task Force recommended broadening the scope of fund practices that would require disclosure, so that all distribution and accounting policies that can be expected to result in distributions to shareholders materially in excess of what they otherwise would have been would be covered. (This is set forth in greater detail in the attached memorandum.) At the next meeting, we plan to finalize the substance of the recommended disclosure, as well as decide how to implement it (e.g., through amendments to Form N-1A, an SEC interpretation, or simply an NASD Notice to Members). Please call Kathleen Volpe at 202/955-8418 if you plan to attend. Craig S. Tyle Deputy General Counsel Attachment

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