

**MEMO# 4541**

February 26, 1993

## **INSTITUTE SUPPORTS FUND'S PETITION FOR REVIEW OF MISSOURI FEE TABLE DISCLOSURE COMMENTS**

February 26, 1993 TO: SEC RULES COMMITTEE NO. 14-93 STATE LIAISON COMMITTEE NO. 9-93 RE: INSTITUTE SUPPORTS FUND'S PETITION FOR REVIEW OF MISSOURI FEE TABLE DISCLOSURE COMMENTS \_\_\_\_\_ As

many of you know, the staff of the Missouri Securities Division has been requesting funds to include certain additional disclosure in the prospectus fee table (e.g., specific dollar amount paid to the custodian, transfer agent and others) prior to being declared effective in Missouri. In response to receiving these comments, one Fund recently submitted a formal Petition for Review to the Missouri Secretary of State and Commissioner of Securities. The basis of the petition is that adequate disclosure with respect to the Fund's expenses is already included in the Fund's prospectus, the disclosure requested by Missouri is inconsistent with the form and content of Form N-1A, and there is a likelihood that confusion by investors will result if the additional disclosure is included in the fee table. Moreover, the SEC has indicated it would not permit the inclusion of this information in the fee table. The Fund therefore requested that the disclosure in the Fund's current prospectus be deemed adequate to protect Missouri investors and that the Fund be permitted to go effective in Missouri. The Institute submitted a letter in support of the Petition for Review to the Commissioner of Securities. In its letter, the Institute noted that the purpose of the federally mandated fee table is to provide expense information in a standard manner to enable investors to compare expenses among various mutual funds and that inclusion of additional non-standardized fee table disclosure is inherently inconsistent with this purpose. The letter further noted that inclusion of the non-standardized expense data requested by Missouri was specifically rejected by the SEC when the "other expenses" category of the fee table was limited to three subcategories and cross-references to more detailed disclosure was required. The Institute therefore urged the Securities Division to change its current position with respect to fee table disclosure and to cease requiring registrants to include non-standardized data in the fee table. A copy of the Fund's Petition for Review and the Institute's letter is attached. Patricia Louie Associate Counsel Attachments