

MEMO# 5325

November 11, 1993

INSTITUTE MEETS WITH MISSOURI COMMISSIONER ON PROPOSED RULE

November 11, 1993 TO: SEC RULES COMMITTEE NO. 105-93 STATE LIAISON COMMITTEE
NO. 53-93 RE: INSTITUTE MEETS WITH MISSOURI COMMISSIONER ON PROPOSED RULE

On November 8th, the Institute met with the Missouri Commissioner of Securities to discuss the investment company industry's concerns with the proposed rule that would require, among other items, the delivery of a Missouri supplement containing certain specified information to prospective Missouri investors. The Institute submitted a comment letter that stated the proposed rule could not be justified and should be withdrawn for several reasons. (See Memoranda to SEC Rules Committee Nos. 97-93 and 97-93 and State Liaison Committee Nos. 46-93 and 50-93, dated October 6, 1993 and October 29, 1993.) We are pleased to advise you that based upon the numerous comment letters received in opposition to the proposed rule, the Commissioner of Securities has decided not to go forward with the provision that would require the delivery of a Missouri supplement to investors. Other provisions contained in the proposed rule, however, may be adopted (e.g., requiring the filing of sales material, shareholder notification of changes to a non-fundamental investment objective). Moreover, based upon the discussion at the meeting, the Commissioner intends to implement a streamlined registration process whereby comments on an application to register securities will continue to be issued by the staff; however, the effectiveness of the registration statement will not be delayed while the comments are outstanding. Rather, the comments issued by the staff will become part of the permanent file and a post-effective review of the registration may be conducted by the staff to determine the fund's response to the staff's comments. By implementing this streamlined registration procedure, the Securities Division will be able to devote more of its staff resources to issues relating to sales efforts and practices. We will keep you advised of developments. Patricia Louie Associate Counsel