

MEMO# 6700

February 27, 1995

SEC PROPOSES CHANGES TO PROSPECTUS DELIVERY REQUIREMENTS IN CONNECTION WITH T+3 SETTLEMENT

February 27, 1995 TO: CLOSED-END FUND COMMITTEE No. 8-95 SEC RULES COMMITTEE
No. 30-95 UNIT INVESTMENT TRUST COMMITTEE No. 20-95 RE: SEC PROPOSES CHANGES
TO PROSPECTUS DELIVERY REQUIREMENTS IN CONNECTION WITH T+3 SETTLEMENT

Next June, Rule 15c6-1 under the Securities Exchange Act, which will reduce the standard settlement time frame for most securities transactions from T+5 to T+3, goes into effect. As adopted, the rule provides an exemption from the T+3 requirement for purchases and sales of securities pursuant to a firm commitment offering. This exemption was intended to address problems with meeting prospectus delivery requirements under T+3 in the context of such an offering. The SEC's release adopting Rule 15c6-1 noted that closed-end investment companies and unit investment trusts may be able to rely on the exemption. Based on concerns raised by certain members of the brokerage community since the rule was adopted, the SEC is considering modifying the exemption and providing other means through which prospectus delivery requirements may be met. Thus, in the attached release the SEC seeks public comment on proposed alternative approaches to permit prospectus delivery to be accomplished in T+3. The Institute is working on an analysis of the application of the various proposals to investment companies (including open-end investment companies), which we will forward to you as soon as it is available. Please note that comments on the attached proposals must be filed by March 31st. If there are issues you would like the Institute to address in its comment letter, please contact me at (202) 326-5822 by Monday, March 27th. Frances M. Stadler Associate Counsel Attachment