

MEMO# 5669

March 11, 1994

WISCONSIN REQUESTING RESCISSION IF PROSPECTUSES ARE NOT APPROPRIATELY STICKERED

March 11, 1994 TO: SEC RULES COMMITTEE NO. 30-94 STATE LIAISON COMMITTEE NO. 21-94 RE: WISCONSIN REQUESTING RESCISSION IF PROSPECTUSES ARE NOT APPROPRIATELY STICKERED _____

The Institute has been advised by several of its members that they have been contacted by the Wisconsin Office of the Commissioner of Securities for failure to include a sticker to the prospectus. As you know, in certain situations (e.g., if a fund engages in "speculative" activities, notifying investors in advance of a change in a fund's non-fundamental investment objective) the Office of the Commissioner requires the fund's prospectus to include a sticker disclosing this information to Wisconsin investors. Apparently, the staff of the Office of the Commissioner has anonymously requested and received copies of fund prospectuses that should have, but did not, include the required sticker. Attached is a sample copy of a letter from the Office of the Commissioner regarding this issue. It is our understanding that, in these instances, the staff has suggested that rescission may be required. In order for us to evaluate the severity of this situation, please contact me at 202/326-5821 if you have been notified by the Office of the Commissioner with respect to this issue and how it has been resolved. Patricia Louie Associate Counsel Attachment