

MEMO# 5970

June 16, 1994

NASAA LETTER TO SEC ON SUMMARY PROSPECTUS PROPOSTAL

June 16, 1994 TO: DIRECT MARKETING COMMITTEE NO. 14-94 MARKETING POLICY COMMITTEE NO. 24-94 PUBLIC INFORMATION COMMITTEE NO. 20-94 SALES FORCE MARKETING COMMITTEE NO. 21-94 SHAREHOLDER COMMUNICATIONS COMMITTEE NO. 14-94 RE: NASAA Letter to SEC on Summary Prospectus Propostal

The NASAA Investment Companies Committee recently sent a letter to the SEC's Division of Investment Management concerning the Commission's summary prospectus proposal. A copy of the letter is attached for your information. The Institute is drafting a response, which will challenge a number of the points in the NASAA letter. We will send you a copy of the ICI letter when it is submitted. The Committee's letter enclosed the results of the Committee's survey of 52 jurisdictions concerning the summary prospectus. (Although the Committee asserted that it obtained an "unprecedented one hundred percent response," it appears that 31 jurisdictions did not respond or submitted incomplete responses). The Committee's letter also recommends certain "minimum requirements" purportedly necessary for widespread acceptance of the summary prospectus among state regulators. These recommendations include a requirement that the summary prospectus rule provide for its staged implementation, that the fund and the advisor be "seasoned" before using the summary prospectus, that the summary prospectus be permanently prefiled with the SEC or the NASD and the states, that investors be permitted to obtain a refund of sales charges if they redeem within 10 days of receiving the full prospectus, and that the SEC, NASD, the NASAA enter into a memorandum of understanding to address state concerns, "including compliance and enforcement matters." L. Erick Kanter Vice President, Public Information & Marketing