

MEMO# 5337

November 17, 1993

SEC RELEASES RESULTS OF MUTUAL FUND INVESTOR SURVEY

November 17, 1993 TO: BANK INVESTMENT MANAGEMENT MEMBERS NO. 31-93 BOARD OF GOVERNORS NO. 104-93 TASK FORCE ON BANK SALES ACTIVITIES RE: SEC RELEASES RESULTS OF MUTUAL FUND INVESTOR SURVEY

On November 10th, coinciding with his testimony before the Senate Securities Subcommittee, SEC Chairman Arthur Levitt released the results of a survey commissioned by the SEC's Office of Economic Analysis. The purpose of the survey was to evaluate investor understanding of the uninsured nature of mutual funds, in particular those funds obtained through or affiliated with banks. According to the survey of 1,000 households, 66 percent of those holding bank-sold mutual funds (and 49 percent of all respondents) believe that money market mutual funds sold through banks are federally insured. Moreover, 30 percent of those holding bank-sold funds (and 28 percent of all respondents) believe that all mutual funds sold through banks are federally insured. In addition, the survey results indicate that 10 percent of those holding bank-sold funds (and 16 percent of all respondents) believe it is not possible to lose money in a money market fund. The survey also indicates that 49 percent of those holding bank-sold funds (and 36 percent of all respondents) believe that mutual funds purchased from a stockbroker are federally insured. A copy of the press release issued by the SEC is attached. The SEC has indicated it will be conducting a follow-up survey or surveys in conjunction with the OCC. We will keep you advised of further developments in this regard. Matthew P. Fink President Attachment