

MEMO# 8792

April 10, 1997

COMMENTS REQUESTED FOR THE 1997 CONFERENCE ON UNIFORMITY OF FEDERAL-STATE SECURITIES REGULATION AGENDA

April 10, 1997 TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 14-97
INVESTMENT ADVISERS COMMITTEE No. 14-97 SEC RULES COMMITTEE No. 37-97 STATE
LIAISON COMMITTEE No. 6-97 UNIT INVESTMENT TRUST COMMITTEE No. 21-97 RE:
COMMENTS REQUESTED FOR THE 1997 CONFERENCE ON UNIFORMITY OF FEDERAL-STATE
SECURITIES REGULATION AGENDA

Since 1983, the Securities and Exchange Commission ("SEC") and the North American Securities Administrators Association ("NASAA") have held an annual conference pursuant to Section 19(c) of the Securities Act of 1933. Consistent with Section 19(c), this conference is intended to increase uniformity in matters concerning state and federal regulation of securities, maximize the effectiveness of securities regulation in promoting investor protection, and reduce burdens on capital formation through increased cooperation between the SEC and the state securities regulatory authorities. This year's conference will be held on April 28, 1997 in Washington, D.C. The SEC and NASAA currently are in the process of formulating the agenda for the conference and have requested the submission of written comments on the topics on the tentative agenda, including the following relating to investment companies and investment advisers: 1. Uniformity. The conferees will discuss the need for uniformity between the state and federal regulatory systems with respect to those securities for which only notice filings and fees may be required by the states pursuant the National Securities Markets Improvement Act of 1996 ("NSMIA"). In addition, they will discuss the need to achieve uniformity in the regulation of securities and transactions that do not fall within the definition of "covered securities" and steps to increase such uniformity in advance of the SEC's report to Congress on this issue, which is due in October 1997. 2. NSMIA Related Issues. The SEC will discuss with NASAA several issues raised by NSMIA, including: a) the appropriate criteria for the definition of "qualified purchaser"; b) the status of the SEC's study mandated by NSMIA on the disparate state licensing requirements and procedures for associated persons and broker-dealers; and c) the adequacy of current federal books and records requirements for broker-dealers. 3. Investment Advisers. The SEC and NASAA will discuss the SEC's rule proposal designed to implement the investment adviser provisions in NSMIA, which allocate regulatory responsibility for smaller and larger advisers between the states and federal government, respectively. The conferees will also discuss the coordination of regulatory and enforcement efforts relating to investment advisers, the transition period under the new regulatory

scheme, the development of a one-stop electronic filing system, and a system for investors to obtain information on the disciplinary history of investment advisers. 4. Mutual Fund Disclosure and Capital Formation Initiatives. The SEC will discuss its Report of the Task Force on Disclosure Simplification and the implementation of certain recommendations in the Report, including the elimination of unnecessary requirements and proposals to streamline the disclosure process. This discussion will include a review of the "Plain English" proposal. The SEC and NASAA also will discuss the SEC's recent releases and rules relating to the delivery of information through electronic media, as well as the various approaches that have been taken by the states and the SEC relative to securities offerings on the Internet. Finally, the SEC and NASAA will discuss the SEC's concept release soliciting comment on various approaches to improve the capital formation process, including "company registration", modifications to the shelf registration system, liberalized treatment of unregistered securities, and broad deregulation of offers. 5. Broker-Dealers Issues. The conferees will discuss the redesigned Central Registration Depository ("CRD"); the Memorandum of Understanding between examining authorities and recommendations from this joint initiative; and various issues relating to arbitration. They will also discuss the recent NASD Regulation rule proposals relating to bank securities activities and the recent proposal by the banking agencies that would require bank employees to take certain qualifying exams required of other broker-dealer employees. 6. Regulation M. The conferees will discuss the issues raised by the new regulation, which focuses restrictions on securities that are susceptible to manipulation. 7. Investor Education. The SEC and NASAA will discuss various investor education initiatives. A copy of the SEC Release announcing the upcoming conference is attached. Written comments must be received by the SEC on or before April 23, 1997 in order to be considered by the conference attendees. As you may be aware, the Institute recently has submitted comment letters to the SEC and/or NASAA on many of the topics on the tentative agenda. In conjunction with submitting a comment letter to the SEC, the Institute intends to provide copies of these comment letters for consideration during the Section 19(c) conference. Please provide me with any additional comments you would like included in the Institute's comment letter by Friday, April 19, 1997. My direct telephone number is (202) 326-5813 and my fax number is (202) 326-5828. Marguerite C. Bateman Associate Counsel Attachment (in .pdf format)