

MEMO# 1655

January 16, 1990

PLANNING FOR THE L990S PROJECT

January 16, 1990 TO: BOARD OF GOVERNORS NO. 6-90 RE: Planning for the 1990s Project

The second day of the Board of Governors meeting to be held next week at The Boulders will be devoted to an interim report and discussion on the "Planning for the 1990s Project." The Institute's consultants for this project will report on their work to date, and ample time will be allowed for questions and comments from the Board. Attached for your consideration are preliminary drafts and outlines of the "90s Project" reports. Heidi Fiske is responsible for Parts I and III dealing with the industry and the Institute. Stephen West of Sullivan & Cromwell is responsible for Part IIA which covers regulation, and William Paul of Covington & Burling is responsible for Part IIB dealing with taxation. Parts I, IIB and III are in discursive form. Ms. Fiske intends to add material to flesh out each section of Part I, as well as provide appropriate appendices. Part IIA is currently in the form of a detailed outline. A word as to the scope of these materials. None of the parts of the report purports to be a quantitative analysis flowing from the various scenarios and options which they expressly or inferentially present. Such statistical data as are included are intended for background and illustration. For example, while Part I raises the issue of whether the American mutual fund market is "mature" and contains (contrasting) views of members on this subject, any quantitative analysis of this matter would be the subject of further study. While Part III reports the views of some members that the Institute should reallocate its resources to place greater emphasis on marketing-related matters, no quantitative analysis of the present budget or proposed changes is attempted. Also, a number of the scenarios for change in the regulatory and tax areas have obvious economic consequences which are not quantified. -2- Although quantitative studies will be undertaken as followups to the 90s project, it should be recognized that many matters both in the business and legal areas defy quantification and a program for change must ultimately rest on the development of an informed judgmental consensus. The enclosed documents and our discussions next week should serve to initiate that process.

David Silver Attachments