

MEMO# 7554

January 16, 1996

INSTITUTE LETTER TO TAIWAN ON POSSIBLE CHANGES IN REGULATIONS FOR SECURITIES INVESTMENT TRUST ENTERPRISES

January 16, 1996 TO: INTERNATIONAL COMMITTEE No. 3-96 RE: INSTITUTE LETTER TO
TAIWAN ON POSSIBLE CHANGES IN REGULATIONS FOR SECURITIES INVESTMENT TRUST
ENTERPRISES

As we discussed at the November 2, 1995 International Committee meeting, representatives of Taiwans Securities and Exchange Commission recently advised the Institute that their SEC intends to make several changes recommended by the Institute in the regulations governing domestic mutual fund sponsors, or Securities Investment Trust Enterprises (SITEs), in Taiwan. These changes would eliminate the current requirement that a foreign firm own no more than 25% of a SITE and would eliminate the requirement that a newly-authorized SITE launch a closed-end fund that reaches a specified capitalization level before engaging in any other type of investment company business. The attached letter from the Institute follows up on our discussions with Taiwans SEC and asks for more information about the contemplated changes and the time-table for implementation. In response to Institute member concerns, the letter also urges Taiwans SEC to review its policies with respect to capital requirements and the rules governing the location and activities of SITE advisory personnel and to apply these requirements flexibly so as to provide meaningful access to Taiwan for US money managers. We will keep you informed of further developments. Mary S. Podesta Associate Counsel - International