

MEMO# 2841

June 14, 1991

WISCONSIN WILL ACCEPT ALTERNATE DISCLOSURE FOR A FUND WITH A NON-FUNDAMENTAL INVESTMENT OBJECTIVE

June 14, 1991 TO: STATE SECURITIES MEMBERS NO. 26-91 SEC RULES COMMITTEE NO. 34-91 RE: WISCONSIN WILL ACCEPT ALTERNATE DISCLOSURE FOR A FUND WITH A NON-FUNDAMENTAL INVESTMENT OBJECTIVE

Based upon the Institute's request, the Wisconsin Securities Commission has agreed to accept alternate language to satisfy the disclosure requirement for funds with a non-fundamental investment objective. As we previously informed you, in order to be deemed in compliance with Section SEC 3.09(1)(d) of the Wis. Adm. Code, the prospectus of a fund which does not identify its investment objective as a fundamental investment policy must disclose that fact to investors. The Securities Commission also required that the prospectus include disclosure that "a change in the investment objective of the fund may result in the fund having an investment objective that is different from that which the shareholder deemed appropriate at the time of his or her investment." In addition, an undertaking must be submitted to the Wisconsin Commission. (See Memorandum to State Securities Members No. 8-91, SEC Rules Committee No. 13-91, dated February 22, 1991.) The Securities Commission informed the Institute that as an alternative to "a change in the investment objective of the fund may result in the fund having an investment objective different from that which the shareholder deems appropriate at the time of investment", the following language may be used: If there is a change in investment objective, shareholders should consider whether the fund remains an appropriate investment in light of their then current financial position and needs. A copy of the Wisconsin Commission's letter is attached. Patricia Louie Assistant General Counsel Attachment