

**MEMO# 10115**

July 10, 1998

## **REVISED DRAFT LETTER TO SEC ON IMPROVING SHAREHOLDER REPORTS**

\* See Memorandum to SEC Rules Committee No. 54-98 and Shareholder Reports Task Force dated June 5, 1998, and Memorandum to Accounting/Treasurers Committee No. 24-98 dated June 9, 1998. [10115] July 10, 1998 TO: ACCOUNTING/TREASURERS COMMITTEE No. 28-98 SEC RULES COMMITTEE No. 71-98 RE: REVISED DRAFT LETTER TO SEC ON IMPROVING SHAREHOLDER REPORTS

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Attached and summarized below is a revised draft of the letter from the Institute to Barry Barbash of the SEC's Division of Investment Management suggesting certain changes to the forms of annual and semi-annual reports. This revision is based on member comments to the June 5 draft that was circulated for comment to the SEC Rules Committee, Accounting/Treasurers Committee and Shareholder Reports Task Force.\* The revised letter contains several changes from the June 5 draft. First, the letter no longer recommends elimination of the financial highlights table from shareholder reports. Instead, the letter recommends that the financial highlights table be revised to: (1) eliminate the net investment income ratio; (2) consolidate for non-money market funds the two line items detailing separate distributions per share from net investment income and realized gains into a single line item captioned "distributions;" and (3) eliminate the per share data for money market funds. Second, the letter now states that shareholder reports should be drafted with "plain English" principles in mind (see page one). If you have any comments on this draft, please contact either Joe Savage (telephone: 202/326- 5819, fax: 202/326-5839, or e-mail: [savage@ici.org](mailto:savage@ici.org)) or Greg Smith (telephone: 202/326-5851 or e-mail: [smith@ici.org](mailto:smith@ici.org)) no later than Monday, July 27.

Joseph P. Savage Assistant Counsel Attachment