

MEMO# 7951

June 10, 1996

SEC PROPOSALS ON DISCLOSURE SIMPLIFICATION

June 10, 1996 TO: CLOSED-END FUND COMMITTEE No. 15-96 SEC RULES COMMITTEE No. 56-96 RE: SEC PROPOSALS ON DISCLOSURE SIMPLIFICATION

The Securities and Exchange Commission recently issued the attached rulemaking proposals that would implement certain recommendations of the SEC's Task Force on Disclosure Simplification. The Task Force, which was formed by the SEC in early 1996, recently published a report containing numerous recommendations to simplify the registration and reporting process for corporate issuers. One of the proposed changes would apply to all investment companies and another would apply only to closed-end investment companies. With respect to all investment companies, the SEC has proposed to amend Rule 497(f) under the Securities Act of 1933, which requires that investment company prospectuses consisting of a radio or television broadcast be reduced to writing and be filed at least five days before they are broadcast. The amendment would retain the requirement that such prospectuses be reduced to writing, but would eliminate the five day pre-broadcast filing requirement. It is proposed that such prospectuses be filed with the SEC any time prior to use, in accordance with Rule 497(e) of the Securities Act. (See pp. 22-24) With respect to closed-end investment companies, the SEC proposal would eliminate the requirement that issuers with securities listed on an exchange file two forms, one to register their shares under the Securities Act and another to register their shares under the Securities Exchange Act of 1934. To implement this change, the SEC has proposed to amend Form N-2 to provide for concurrent registration of issuers shares under the Securities Act and the Exchange Act. (See pp. 15-20) Among other things, comment is requested on whether issuers would find the concurrent registration procedure to be useful. The SEC solicits comments on the proposals within 45 days after their publication in the Federal Register. If there are any comments that you would like the Institute to include in a comment letter, please contact the undersigned (at 202/326-5923) or Dorothy Donohue (at 202/326-5821), concerning the change affecting closed-end funds, by July 1, 1996. Alexander C. Gavis
Assistant Counsel Attachment