

**MEMO# 9994**

June 5, 1998

## **DRAFT LETTER TO SEC ON IMPROVING SHAREHOLDERS REPORTS**

[9994] June 5, 1998 TO: SEC RULES COMMITTEE No. 54-98 SHAREHOLDER REPORTS TASK  
FORCE RE: DRAFT LETTER TO SEC ON IMPROVING SHAREHOLDERS REPORTS

Attached and summarized below is a draft of a 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 letter is based on discussions with members of the Shareholder Reports Task Force at its April 22, 1998 meeting. The letter contains four principal recommendations. First, it recommends that the current requirement to list in shareholder reports all portfolio investments held as of the last day of the reporting period be replaced with the option to list only the a fund's top 50 holdings. Second, the letter recommends that shareholder reports include a graphic presentation of a fund's portfolio investments, such as a pie chart showing the different categories of securities held in a fund's portfolio. Third, the letter recommends that the Management's Discussion of Fund Performance be required to be included in a fund's annual report, regardless of whether it is also in the fund's prospectus. Fourth, the letter recommends that the financial highlights table be deleted from both the prospectus and shareholder reports. We will be discussing this draft at the SEC Rules Committee meeting on Wednesday, June 17 at 10:00 a.m. If you will not be attending the SEC Rules Committee meeting but would like to comment 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 Tuesday, June 16. Joseph P. Savage Assistant Counsel Attachment

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