

MEMO# 8408

November 19, 1996

DRAFT PAPER ON MUTUAL FUND VALUATION AND LIQUIDITY ISSUES

November 19, 1996 TO: ACCOUNTING/TREASURERS COMMITTEE No. 45-96 SEC RULES COMMITTEE No. 122-96 RE: DRAFT PAPER ON MUTUAL FUND VALUATION AND LIQUIDITY ISSUES _____ As you may know, the Institute has been working on a paper on mutual fund valuation and liquidity issues. A draft of the paper is attached for your review. The paper summarizes regulatory guidance with respect to valuation and liquidity, describes some of the processes funds use to determine the value and assess the liquidity of their portfolios, and discusses controls over those processes. The paper is intended to assist Institute members, demonstrate the industry's commitment to appropriate handling of these matters, and possibly guide future regulatory action, if any. If you have comments on the draft paper, please call me at (202) 326-5822 or Greg Smith at (202) 326-5851 by Monday, December 16th. Frances M. Stadler Associate Counsel Attachment

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