

**MEMO# 2688**

April 12, 1991

## **INSTITUTE COMMENT LETTER ON 1991 CONFERENCE ON FEDERAL- STATE SECURITIES REGULATION**

April 12, 1991 TO: BOARD OF GOVERNORS NO. 22-91 STATE SECURITIES MEMBERS NO. 15-91 SEC RULES COMMITTEE NO. 22-91 UNIT INVESTMENT TRUST COMMITTEE NO. 15-91 RE: INSTITUTE COMMENT LETTER ON 1991 CONFERENCE ON FEDERAL- STATE SECURITIES REGULATION \_\_\_\_\_ Since 1983, the Securities and Exchange Commission and the North American Securities Administrators Association have held an annual conference on uniformity of federal-state securities regulations. Prior to the Conference, the SEC and NASAA solicit comments from industry and other interested parties on the issues to be discussed at the Conference. As you may remember, as a result of the Institute's 1983 testimony, NASAA established its Investment Companies Committee. That Committee recommended, and NASAA adopted, resolutions in 1984 and 1985 urging states to suspend or repeal their expense limitations and to adopt uniform procedures in the areas of sales literature filing requirements, registration requirements, sales report filing requirements and oversales. This year, the Institute submitted the attached comment letter that specifically focuses on charges by NASAA and certain state regulators criticizing the simplified prospectus and the growing trend of state regulators to require additional unnecessary disclosure in a fund prospectus which deviates from that required on the federal level. The Institute's letter discusses the purpose and goal of prospectus simplification and the recent concerns expressed by NASAA and certain state regulators. We note that the proper way to address specific problems with Form N-1A is not to abandon the entire concept of the simplified prospectus, or for each state to develop inconsistent regulations, but rather for the states to work together and develop uniform recommendations that could be raised with the SEC. Patricia Louie Assistant General Counsel Attachment