

**MEMO# 5323**

November 11, 1993

## **PROPOSED INSTITUTE COMMENT LETTER ON SEC'S PROPOSED AMENDMENTS TO RULE 485**

November 11, 1993 TO: SEC RULES COMMITTEE NO. 104-93 UNIT INVESTMENT TRUST COMMITTEE NO. 56-93 RE: PROPOSED INSTITUTE COMMENT LETTER ON SEC'S PROPOSED AMENDMENTS TO RULE 485 \_\_\_\_\_ As

we previously reported, the Securities and Exchange Commission has proposed amendments to Rule 485 under the Securities Act of 1933 under which mutual funds and unit investment trusts file post-effective amendments to their registration statements. In addition, the SEC has repropoed Rule 485a as Rule 486, which would establish procedures for closed-end interval funds similar to the proposed amendments to Rule 485. (See Memorandum to SEC Rules Committee No. 82-93; Unit Investment Trust Committee No. 46-93, dated September 23, 1993.) Attached is a draft comment letter from the Institute on the proposals. The draft letter expresses general support for the proposals because they would provide greater efficiencies while preserving current investor protections. In particular, the letter expresses support for the proposed expansion of the purposes for which a B-Amendment could be filed and the reproposal of Rule 485a as Rule 486. However, the letter expresses strong opposition to the proposal to prevent the use of Rule 485 in the case of an amendment adding a series to an open-end management investment company. The letter emphasizes that such a dramatic departure from the carefully-crafted review process in Rule 485 would create significant delays in the introduction of new portfolios and would impose substantial costs on mutual funds and their shareholders, without providing investors with any meaningful new protection. The letter also urges the Commission to expand the list in Rule 485(b) of permissible purposes for a B-Amendment, to include amendments that are accompanied by a representation that the only changes being made are substantially similar to those in a previous filing. (The Commission's proposal would amend Rule 485(b) to allow certain types of post-effective amendments not otherwise eligible for automatic effectiveness under paragraph (b) to become effective automatically, but only by the Commission upon a registrant's request.) Comments are due on the proposed amendments on November 26, 1993. Please provide me with your comments on the Institute's draft letter by Friday, November 19, 1993. My direct number is 202/955-6251 and the fax number is 202/659-1519. Thomas M. Selman Assistant Counsel Attachment

should not be considered a substitute for, legal advice.