

MEMO# 7712

March 15, 1996

JAPAN DEVELOPING MUTUAL FUND PERFORMANCE MEASUREMENT SYSTEM

March 15, 1996 TO: INTERNATIONAL COMMITTEE No. 9-96 RE: JAPAN DEVELOPING MUTUAL FUND PERFORMANCE MEASUREMENT SYSTEM

Under the US-Japan Financial Services Trade Agreement entered into last year, the Japanese government agreed to take measures to enhance the disclosure of investment trust (mutual fund) performance data in Japan. (See Memorandum to International Members No. 1-95 dated January 13, 1995.) The Investment Trusts Association of Japan was asked to develop a data bank of information that could be used by private agencies to assess fund performance. Last month the Investment Trusts Association announced a plan to collect certain basic data from its members and to develop a computer system for transmitting the data between the association and its members. The Association also has taken steps to publish monthly performance data for new stock funds and to improve the performance disclosure system for existing funds. Attached is a letter we received from the Investment Trust Association of Japan in response to our request for information about the new performance measuring system. We would be interested in your comments on how well the system will serve to permit funds in Japan, including domestic funds organized by foreign managers licensed as investment trust managers, to compete based on accurate performance comparisons. The Institute expects to advise the US Treasury Department, which negotiated the agreement with Japan, of the progress that has been made in implementing this portion of the agreement. Please provide any comments to me by phone at 202 326-5826 or fax 202 326-5841. Mary S. Podesta Associate Counsel - International Attachment