

**MEMO# 6793**

March 24, 1995

# **INSTITUTE COMMENT LETTER ON 1995 CONFERENCE ON FEDERAL-STATE SECURITIES REGULATION**

March 24, 1995 TO: BOARD OF GOVERNORS No. 39-95 INVESTMENT ADVISER MEMBERS No. 17-95 SEC RULES COMMITTEE No. 47-95 STATE SECURITIES MEMBERS No. 12-95 UNIT INVESTMENT TRUST COMMITTEE No. 34-95 RE: INSTITUTE COMMENT LETTER ON 1995 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 the uniformity of federal and state regulation. Prior to each Conference, the SEC and NASAA solicit written comments on the issues to be discussed. The Institute submitted the attached comment letter that highlights three issues for consideration at this year's conference: 1) the need to continue efforts toward uniformity in regulation; 2) the need for coordinated efforts to simplify disclosure; and 3) the need to proceed with the development of a "one-stop filing" system. The Institute's letter notes that, while some progress has been made in the area of uniformity between state and federal regulation, mutual funds and unit investment trusts continue to be subject to state investment limitations and disclosure requirements that lack uniformity with those at the federal level and lack consistency among the states. The letter emphasizes that, given the strict regulation of investment companies at the federal level, the imposition of unique state substantive limitations on fund operations or disclosure requirements provide little, if any, increase in investor protection. Furthermore, there is no evidence to suggest that there is a need for additional regulation of mutual fund portfolio practices. The Institute encouraged the SEC, NASAA and the states to work together to eliminate inconsistencies between state and federal regulation. The letter emphasizes that such cooperation will be essential to the success of the "profile prospectus" project and similar initiatives designed to simplify prospectuses. Finally, the Institute noted that the greater the uniformity between federal and state requirements and among the states, the greater the chances of implementation, and therefore the greater the chances of success of the Securities Registration Depository, Inc. ("SRD"). The letter urges NASAA and the SRD to work expeditiously to resolve the outstanding issues associated with use of the system, so that the SRD program can move forward. Marguerite C. Bateman Assistant Counsel

Attachment

should not be considered a substitute for, legal advice.