

MEMO# 2891

June 26, 1991

INSTITUTE LETTER TO TREASURY DEPARTMENT REGARDING CROSS- BORDER ACTIVITIES OF INVESTMENT COMPANIES

June 26, 1991 TO: BOARD OF GOVERNORS NO. 47-91 INTERNATIONAL COMMITTEE NO. 10-91 RE: INSTITUTE LETTER TO TREASURY DEPARTMENT REGARDING CROSS- BORDER ACTIVITIES OF INVESTMENT COMPANIES

_____ The Institute recently sent the attached letter to the Department of the Treasury expressing the view that cross-border sales of investment company securities should not be addressed in the context of multilateral trade talks. The letter explains the Institute's concern that the multilateral GATT negotiations, for example, could lead to an unjustified modification of Section 7(d) of the Investment Company Act of 1940 that would allow foreign investment companies to sell their shares in the U.S. without assurance of either effective market access for U.S. investment companies abroad or, more importantly, adequate protection for U.S. investors in those foreign investment companies. The letter states that our industry believes that a better approach to facilitating cross-border sales of investment company securities would be through bilateral securities-oriented negotiations. That approach would allow for a thorough consideration of the two important policy goals of adequate investor protection and fair competition. We will keep you informed of developments. Frances M. Stadler
Assistant General Counsel Attachment

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.