

**MEMO# 5632**

March 2, 1994

# **MISSOURI RESCINDS PROPOSED RULE AND AMENDS EXISTING REGISTRATION RULE**

March 2, 1994 TO: SEC RULES COMMITTEE NO. 26-94 STATE SECURITIES MEMBERS NO. 8-94 UNIT INVESTMENT TRUST COMMITTEE NO. 17-94 RE: MISSOURI RESCINDS PROPOSED RULE AND AMENDS EXISTING REGISTRATION RULE

\_\_\_\_\_ The Institute is pleased to inform you that the Missouri Securities Commissioner has formally rescinded and withdrawn a proposed rule that would have required, among other items, an investment company to deliver a Missouri supplement to prospective Missouri investors. (See Memorandum to State Securities Members No. 40-93, SEC Rules Committee No. 87-93 and Unit Investment Trust Committee No. 49-93, dated October 6, 1993.) In response to the proposal, the Institute submitted a comment letter and met with the Securities Commissioner to express its strong opposition to the proposed rule. Based upon the widespread opposition from the investment company industry, the Securities Commissioner determined that adoption of the proposed rule would not be practical. Instead of adopting the proposed rule, the Securities Commissioner has amended the existing registration provision for mutual funds, Rule 30-52.160, to make it clearer and to facilitate disclosure to investors. Rule 30-52.160 has been amended to require: 1. that a fund with a non-fundamental investment objective provide shareholders with thirty days advance written notice before any material change is made to the investment objective; 2. that the Statement of Additional Information be made available by telephone and that the telephone number be disclosed on the cover page of the fund's prospectus; 3. that investment policies affecting five percent or more of a fund's total assets be disclosed in the prospectus; 4. that prominent disclosure be included in the fund's prospectus or a prospectus supplement, if the fund engages in certain policies (e.g., borrowing, high annual portfolio turnover, short-term trading, short selling, investing in low-rated debt securities); 5. that, if applicable, the fund complies with the NASAA guidelines on master/feeder funds, periodic payment plans and telephone transactions; and 6. that certain post-effective amendments (i.e., filings made pursuant to Rule 485(a) of the Securities Act of 1933, annual reports and proxy statements concerning material changes to the investment objectives and management policies) be filed with the Securities Commissioner. Filings made pursuant to Rule 485(b) of the Securities Act of 1933, quarterly and semi-annual reports are not required to be filed with the Securities Commissioner. A copy of the amended rule is attached. Patricia Louie Associate Counsel Attachment

abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.