

MEMO# 3674

April 6, 1992

PROSPECTUS DISCLOSURE OF SALES INCENTIVES LEGISLATION NEVER INTRODUCED IN WISCONSIN

April 6, 1992 TO: STATE SECURITIES MEMBERS NO. 18-92 BROKER/DEALER ASSOCIATE
MEMBERS NO. 4-92 RE: PROSPECTUS DISCLOSURE OF SALES INCENTIVES LEGISLATION
NEVER INTRODUCED IN WISCONSIN

_____ We are pleased to inform you that the Wisconsin Legislature adjourned on March 31, 1992 without considering a legislative proposal which would have required prospectus disclosure of all sales incentives available to mutual fund brokers. In September 1991, Wisconsin state senator Russ Feingold held a press conference to announce a legislative proposal to require brokers and mutual funds registered in Wisconsin to disclose all sales incentives to prospective customers. According to the press release issued by Senator Feingold, the disclosure requirements could be met by inserting a written description of the sales incentives in the prospectus. The Institute submitted comments on the legislative proposal questioning the need for such disclosure, particularly in light of the existing regulatory provisions governing disclosure of non-cash compensation for the sale of investment company shares and the ensuing cost such would impose on both shareholders and the mutual fund industry. It is our understanding that a bill was never drafted for consideration by the Wisconsin Legislature by Senator Feingold. A copy of the Institute's letter and Senator Feingold's press release is attached. Patricia Louie Assistant General Counsel Attachments

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