

MEMO# 9590

January 12, 1998

INSTITUTE DRAFT COMMENT LETTER ON SEC PROPOSED NEW RULE GOVERNING DELIVERY OF DOCUMENTS TO HOUSEHOLDS

* See Memorandum to Operations Committee No. 40-97, Transfer Agent Advisory Committee No. 67-97, SEC Rules Committee No. 113-97, Closed-End Investment Company Committee No. 47-97, and Unit Investment Trust Committee No. 68-97, dated November 19, 1997. [9590] January 12, 1998 TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 2-98 OPERATIONS COMMITTEE No. 2-98 SEC RULES COMMITTEE No. 3-98 TRANSFER AGENT ADVISORY COMMITTEE No. 2-98 UNIT INVESTMENT TRUST COMMITTEE No. 3-98 RE: INSTITUTE DRAFT COMMENT LETTER ON SEC PROPOSED NEW RULE GOVERNING DELIVERY OF DOCUMENTS TO HOUSEHOLDS

As we previously reported, the Securities and Exchange Commission recently proposed for public comment a new rule under the Securities Act of 1933, and amendments to rules under the Securities Exchange Act of 1934 and the Investment Company Act of 1940, to allow “householding” (sending a single copy of a document to investors that share an address) of prospectuses and shareholder reports.* Attached and summarized below is the Institutes draft comment letter on the proposal. The letter supports the proposal, but recommends certain changes. Currently, the proposal requires a group of investors to provide written consent before a person relying on the rule may household documents to those investors. A notice procedure may be used in lieu of written consent if the investors share a residence, are members of the same family, and established their securities accounts prior to the effective date of the rule. The comment letter recommends that the SEC allow householding using a notice procedure for all investors, regardless of when they established their accounts or whether they are members of the same family. In addition, the letter recommends that persons relying on the rule be permitted to provide such notice in the prospectus, rather than having to mail a separate written notice of the intent to household to each investor. Comments on the proposal are due to the SEC by Monday, February 2, 1998. If you have comments on the draft comment letter, please contact me (telephone: 202/326-5819, fax: 202/326- 5827 or e-mail: savage@ici.org) no later than Monday, January 26, 1998. Joseph P. Savage Assistant Counsel Attachment

should not be considered a substitute for, legal advice.