

MEMO# 3368

December 17, 1991

INSTITUTE COMMENTS ON WISCONSIN PROPOSAL TO REQUIRE PROSPECTUS DISCLOSURE OF SALES INCENTIVES

December 17, 1991 TO: STATE LIAISON COMMITTEE NO. 24-91 BROKER/DEALER ADVISORY COMMITTEE NO. 46-91 RE: INSTITUTE COMMENTS ON WISCONSIN PROPOSAL TO REQUIRE PROSPECTUS DISCLOSURE OF SALES INCENTIVES

_____ Wisconsin state senator Russ Feingold is proposing to introduce legislation which would require brokers and mutual funds registered in Wisconsin to disclose all sales incentives to prospective customers. According to the press release issued by the 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 proposed legislation 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. A copy of the Institute's letter and Senator Feingold's press release is attached. We will keep you advised of developments. Patricia Louie Assistant General Counsel Attachment

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