

MEMO# 1893

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SEC COMMISSIONER URGES GREATER UNIFORMITY AND ELIMINATION OF REGULATORY BURDENS FOR INVESTMENT COMPANIES

RESENT DUE TO MISSING PAGES May 3, 1990 TO: BOARD OF GOVERNORS NO. 36-90 SEC RULES COMMITTEE NO. 26-90 STATE LIAISON COMMITTEE NO. 10-90 UNIT INVESTMENT TRUST COMMITTEE NO. 21-90 RE: SEC COMMISSIONER URGES GREATER UNIFORMITY AND ELIMINATION OF REGULATORY BURDENS FOR INVESTMENT COMPANIES

At the 1990 Annual Conference on the Uniformity of Securities Laws, held on April 25, 1990, SEC Commissioner Philip R. Lochner, Jr., told members of the North American Securities Administrators Association ("NASAA") that U.S. securities markets will face increasing competition in the 1990's from the European Community and Japan. In this regard, "[t]he states need to review their regulations to eliminate unnecessary and burdensome requirements that may handicap our markets and investment firms. In addition, we must continue our efforts to make it simpler for U.S. firms to satisfy federal and state requirements where they vary, and take further steps to reduce or eliminate those variances." Commissioner Lochner noted the progress of the SEC and state regulators in creating a unified regulatory structure in past years and specifically mentioned the NASAA 1984 and 1985 resolutions on investment company regulation. However, he feels that such steps are not enough, particularly since none of the NASAA resolutions has been adopted by all of the individual states. He informed the group that the staff of the SEC is conducting a study to see what aspects of investment company regulation hinder an open market in the sale of mutual fund securities, particularly the costs and burdens of state compliance, and how such may present an obstacle to mutual recognition agreements with the European Community. Areas that must be specifically addressed include: 1. elimination of differences in state filing requirements; 2. adoption by the states of an indefinite registration procedure and provision for an administrative remedy for inadvertent oversales of fund shares; and 3. elimination of substantive state investment company requirements that are more restrictive than those imposed by the Investment Company Act. A copy of Commissioner Lochner's remarks is attached. We will keep you informed of developments. Patricia Louie Assistant General Counsel Attachment