

MEMO# 3365

December 17, 1991

NASAA RESPONDS TO INSTITUTE LETTER ON MUTUAL FUND INVESTOR ALERT

December 17, 1991 TO: BOARD OF GOVERNORS NO. 89-91 CONTRACTUAL PLANS
COMMITTEE NO. 20-91 STATE LIAISON COMMITTEE NO. 23-91 RE: NASAA RESPONDS TO
INSTITUTE LETTER ON MUTUAL FUND INVESTOR ALERT

As we previously advised you, the North American Securities Administrators Association ("NASAA") and the Council of Better Business Bureaus ("CBBB") jointly issued an Investor Alert regarding mutual funds. The Institute submitted a letter to NASAA strongly objecting to the overall tone and several of the specific allegations regarding mutual funds contained in the Investor Alert. (See Memorandum to Board of Governors No. 87-91, State Securities Members No. 53-91 and Contractual Plans Committee No. 19-91, dated December 10, 1991.) The Institute received a response to its letter from the President of NASAA which states that the NASAA Corporate Office has been instructed to distribute the Institute's letter to all NASAA administrators. According to the letter, the Alert was not intended to cast "unfounded aspersions on investment companies as a group." Rather, it was intended to provide general information on mutual funds. However, in retrospect, NASAA acknowledged it may have been appropriate to consult with the Institute on the Alert prior to its publication. A copy of the NASAA letter is attached. The Institute will be scheduling a meeting with the President of NASAA in the near future to discuss the Investor Alert as well as other topics of mutual interest. We will keep you advised of developments. Patricia Louie Assistant General Counsel Attachment

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