

MEMO# 14760

May 29, 2002

NFMA RELEASE OF DRAFT RECOMMENDED BEST PRACTICES IN DISCLOSURE FOR VARIABLE RATE AND SHORT-TERM SECURITIES

[14760] May 29, 2002 TO: FIXED-INCOME ADVISORY COMMITTEE No. 9-02 MONEY MARKET FUNDS ADVISORY COMMITTEE No. 3-02 RE: NFMA RELEASE OF DRAFT RECOMMENDED BEST PRACTICES IN DISCLOSURE FOR VARIABLE RATE AND SHORT-TERM SECURITIES The National Federation of Municipal Analysts has released its Draft Recommended Best Practices in Disclosure for Variable Rate and Short-Term Securities ("Draft Paper"). The Draft Paper is available from NFMA's website at www.nfma.org.¹ The Draft Paper is one of a series of best practices papers formulated by the NFMA to provide guidance to issuers and intermediaries in providing primary and ongoing market disclosure to investors and potential investors. The best practices papers are descriptions of the sector-specific financial and operating information needed to help analysts analyze municipal debt issues. Through the collaborative efforts of those within and outside the NFMA, including several Institute members, the Draft Paper attempts to provide guidance to issuers as to the type of information sought by investors regarding primary and secondary market disclosure. The subject of the Draft Paper was chosen in part because variable rate and short-term securities are exempt from the continuing disclosure requirements of Rule 15c2-12 under the Securities Exchange Act of 1934. As such, the Draft Paper provides guidance regarding investors' regulatory requirements under Rule 2a-7 under the Investment Company Act of 1940. The NFMA is soliciting input from market participants on its Draft Paper. Comments are due no later than October 1, 2002. If there are comments that you would like the Institute to consider in a possible comment letter, please forward them to Barry Simmons at (202) 326- 5923 (phone), (202) 326-5827 (fax) or bsimmons@ici.org (email) by Friday, June 28, 2002. Barry E. Simmons Associate Counsel 1 The Draft Paper contains a watermark on each page, which may make printing difficult.