

MEMO# 5360

November 26, 1993

INSTITUTE COMMENT LETTER ON SEC'S PROPOSED AMENDMENTS TO RULE 485

November 26, 1993 TO: SEC RULES COMMITTEE NO. 108-93 UNIT INVESTMENT TRUST COMMITTEE NO. 58-93 RE: INSTITUTE COMMENT LETTER ON SEC'S PROPOSED AMENDMENTS TO RULE 485 _____ As we previously reported, the Securities and Exchange Commission has proposed amendments to Rule 485 under the Securities Act of 1933 under which mutual funds and unit investment trusts file post-effective amendments to their registration statements. (See Memorandum to SEC Rules Committee No. 82-93; Unit Investment Trust Committee No. 46-93, dated September 23, 1993.) Attached is the Institute's comment letter on the proposals. The Institute's letter expresses general support for the proposals because they would provide greater efficiencies while preserving current investor protections. In particular, the letter expresses support for the proposed expansion of the purposes for which a B-Amendment could be filed. In its letter, the Institute strongly opposes the proposal to prohibit the use of Rule 485 in the case of an amendment adding a series to an open-end management investment company. The letter emphasizes that such a dramatic departure from the carefully-crafted review process in Rule 485 would create significant delays in the introduction of new portfolios and would impose substantial costs on mutual funds and their shareholders, without providing investors with any meaningful new protection. The letter also urges the Commission to expand the list in Rule 485(b) of permissible purposes for a B-Amendment, to include amendments that are accompanied by a representation that the only changes being made are substantially similar to those in a previous filing. (The Commission's proposal would amend Rule 485(b) to allow certain types of post-effective amendments not otherwise eligible for automatic effectiveness under paragraph (b) to become effective automatically, but only by the Commission upon a registrant's request.) Thomas M. Selman Assistant Counsel Attachment