

MEMO# 7569

January 18, 1996

1996 NASAA COMMITTEES

January 18, 1996 TO: SEC RULES COMMITTEE No. 4-96 STATE LIAISON COMMITTEE No. 3-96
UNIT INVESTMENT TRUST COMMITTEE No. 3-96 RE: 1996 NASAA COMMITTEES

For calendar year 1996, NASAA has made substantial changes in the number and membership of its committees. These changes include merging the Investment Companies Sales Practices Committee into the Broker Dealer Sales Practices Committee and renaming it the "Sales Practices Committee." The Investment Companies Committee remains intact, though its membership was reduced from nine to five members. Also intact are the Disclosure Reform Task Force and the Investor Education Committee. NASAA has created at least four new committees that may be of interest: Coordinated Review of Investment Company Offerings Committee This Committee, which is chaired by Denise Crawford, the Texas Securities Commissioner, has been charged with developing a protocol whereby the states that actively comment on mutual fund offerings would consolidate their comments in a single comment letter that would be sent by one state on behalf of all of the commenting states. The Committee hopes to have a pilot project in place in April 1996. Attached is a letter from the Institute to Crawford expressing the Institutes concern with this proposed approach. Review of Uniform Securities Act Committee This Committee, which is chaired by Michael Vargon, Deputy Director of the New Mexico Securities Division, will be reviewing the Uniform Securities Act, Revised Uniform Securities Act ("RUSA"), and the NASAA Model Amendments to RUSA to determine whether any updates are necessary. In the short term, the Committee will focus its efforts on adopting uniform provisions relating to: (1) the definition of institutional investor; (2) exemptions from registration for exchange listed securities; (3) subpoena enforcement; and (4) treatment of limited liability companies under state securities laws. They will work with other NASAA Committees on these uniform provisions. Federal Legislation Committee This Committee, which is chaired by Richard Weinroth, General Counsel of the Arizona Securities Division, will provide assistance to the NASAA Task Force on the Future of Shared State and Federal Securities Regulation (see below) and to NASAA on issues relating to federal legislation. Implementation, Coordination and Harmonization Committee This Committee, which is chaired by Gene Cella, Deputy Securities Administrator for North Carolina, will consider how best to implement, for maximum effectiveness, resolutions and guidelines adopted by NASAA and NASAA Committees. Committee members include: William Blessing (ID), Joe Borg (AL), Melissa Johnson (TN), Milly Lipper (PA), Brad Skolnik (IN), Patricia Struck (WI), and Carl Tyson (MI). With the exception of this last Committee, attached is a list of each committees charges and membership. The specific charges of the Implementation Committee have not yet been published. In addition to these Committees, NASAA has created a Task Force on the Future of Shared State and Federal Securities Regulation. This Task Force, the fourteen members of which include securities industry executives, lawyers, academicians, and regulators, has

been asked to determine the optimum allocation of resources and responsibilities between state and federal securities regulators. While the Institute opted not to serve on the Task Force, we provided a detailed submission to it concerning mutual fund regulation. Additionally, Matthew P. Fink, the Institutes President, made a formal presentation to the Task Force in which he described the problems encountered by mutual funds in obtaining and maintaining state registration and how investors are disserved by the current system of regulation. While the Task Forces report and recommendations are expected to be published in the Spring of 1996, Mr. Fink requested that the Task Force expedite its recommendations relating to the regulation of mutual funds in light of the amount of study of the issue to date, the consensus that has emerged as to the appropriate solution, and Congressional consideration of this issue. A copy of NASAA's announcement of the creation of the Task Force is attached. Tamara K. Cain Assistant Counsel Attachments

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