

MEMO# 11463

December 13, 1999

SEC STAFF PROVIDES GUIDANCE CONCERNING COMPLIANCE DATE FOR HOUSEHOLDING OF SHAREHOLDER REPORTS

1 See Memorandum to Closed-End Investment Company Members No. 42-99, Operations Members No. 24-99, SEC Rules Members No. 69-99, Small Funds Members No. 13-99, and Unit Investment Trust Members No. 26-99, dated November 12, 1999. 2 SEC Release Nos. 33-7766, 34-42101, IC-24123 (Nov. 4, 1999) at n.29. [11463] December 13, 1999 TO: CLOSED-END INVESTMENT COMPANY MEMBERS No. 47-99 OPERATIONS MEMBERS No. 28-99 SEC RULES MEMBERS No. 76-99 SMALL FUNDS MEMBERS No. 16-99 TRANSFER AGENT ADVISORY COMMITTEE No. 79-99 UNIT INVESTMENT TRUST MEMBERS No. 29-99 RE: SEC STAFF PROVIDES GUIDANCE CONCERNING COMPLIANCE DATE FOR HOUSEHOLDING OF SHAREHOLDER REPORTS

As we previously informed you, the Securities and Exchange Commission earlier this year adopted new rules permitting issuers and broker-dealers to deliver one copy of a prospectus or shareholder report to investors who share an address.¹ The new rules become effective on December 20, 1999. The Commission noted in its adopting release that some mutual funds already household shareholder reports in reliance on no-action letters issued by the Commission staff, the conditions of which differ from those of the new rules in certain respects.² According to the release, such funds may continue to household shareholder reports of investors whose reports are already being householded, without sending the notices or obtaining the written consent required by the new rules, unless the investor revokes his or her consent. The householding of shareholder reports to investors who establish accounts on or after December 20, 1999, however, would be governed by the new rules. It has come to our attention that the computer systems that many funds use for the householding of shareholder reports will not distinguish between those shareholders governed by the no-action letters and those subject to the new householding rules, and that it is not feasible to modify those systems before December 20, 1999, especially in light of Year 2000 preparations. In response to a request by the Institute, the Commission staff has informed us that it will not object if funds that currently household shareholder reports in reliance on the no-action letters continue to rely on them with respect to both existing and new accounts until June 20, 2000. Any new account established after that date would be governed by the new rules. Kathy D. Ireland Associate Counsel

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