

**MEMO# 2363**

December 5, 1990

## **SEC STAFF LETTER ON PROVIDING PERFORMANCE INFORMATION FOR NEWSPAPER YIELD TABLES**

December 5, 1990 TO: SEC RULES MEMBERS NO. 82-90 SUBCOMMITTEE ON ADVERTISING  
RE: SEC STAFF LETTER ON PROVIDING PERFORMANCE INFORMATION FOR NEWSPAPER  
YIELD TABLES \_\_\_\_\_

The staff of the Division of Investment Management has written a letter to the Institute setting forth its views on the applicability of the Commission's advertising rules to funds that provide yield figures to newspapers for inclusion in performance tables. The letter states that a fund providing a yield quotation to a newspaper "knows or should know that investors likely will assume its yield is calculated according to the same formula other funds are using, i.e., the Commission formula". Accordingly, it is the staff's view that transmission of a yield quotation not calculated in accordance with the Commission formula may be misleading and in violation of the anti-fraud provisions of the securities laws if such a yield is materially higher than that which would result under the Commission formula. A fund group not prepared to calculate its yield in accordance with the Commission formula should decline to provide a yield quotation. The letter states that it addresses problems that have arisen with respect to non-money market fund yields. However, it does note that the NASD has revised the formula used by money market funds participating in the NASD Mutual Fund Quotation Service to exclude capital gains and losses (in accordance with the Commission formula). A copy of the staff's letter is attached. Craig S. Tyle Associate General Counsel Attachment

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