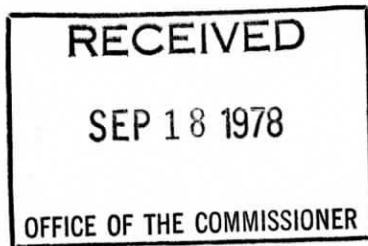


# Investment Company Institute

1775 K STREET N. W., WASHINGTON, D. C. 20006

(202) 293-7700

DAVID SILVER  
PRESIDENT



September 15, 1978

Honorable Roberta S. Karmel  
Commissioner  
Securities and Exchange Commission  
Washington, D. C. 20549

Dear Roberta:

In connection with the letter I sent you on September 5, I am enclosing herewith a copy of a letter just received from the NASD which supports the proposal of the Institute.

Sincerely,

*David*

Enclosure

# NASD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC

1735 K STREET NORTHWEST • WASHINGTON D C 20006

September 14, 1978

David Silver, President  
Investment Company Institute  
1775 K Street, N.W.  
Washington, D.C. 20006

Dear Dave:

In recent months the Institute has expressed its intention, as part of its program of reform in the area of mutual fund advertising and sales literature, to seek relief from the Securities Act of 1933 as it currently applies to mutual fund securities. As we understand it, the basic thrust of your proposal is to reduce the anti-competitive impact of the continuous registration of shares of mutual funds under the Act by seeking to eliminate the requirement that a prospectus must precede or accompany other written offers, and to substitute a requirement that the prospectus only need be delivered prior to the completion of the transaction.

Our Investment Companies Committee and Board of Governors have considered your proposal and we believe that it would be consistent with the public interest and would not negatively impact our ability to exercise our own regulatory responsibilities. Of course we may well have comments on any specific proposal you may develop, and we have not changed our view that certain types of sales literature should be subject to reasonably uniform standards or guidelines. In general, however, we support the Institute's efforts in this regard as reflected by the following excerpt from our statement to the Securities and Exchange Commission of February 2, 1973 in connection with the Commission's Hearings on Mutual Fund Distribution and Section 22(d) of the Investment Company Act:

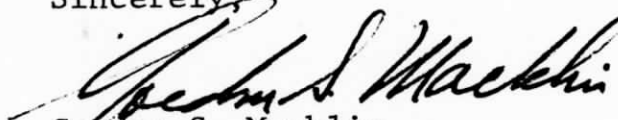
"Assuming that the material itself is accurate and not misleading (the basic principles of the Statement of Policy), this emphasis on the timing

David Silver  
September 14, 1978  
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of transmission of the material vs. the timing of transmission of the prospectus seems unnecessarily restrictive. We believe that amending current regulations to require only that a prospectus be delivered before a transaction is completed would be sufficient to provide investors with necessary information, while at the same time removing some of the restrictions on 'prospecting' created by the current requirement of 'prospectus delivery first'. We recognize that legislation might be necessary to accomplish such a result, however."

To the extent that we can provide data or other assistance in this area based on our experience, we would be pleased to do so.

Sincerely,

  
Gordon S. Macklin  
President