

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 239, 270 and 274

[Release Nos. 33-6988; IC-19382; S7-1-90]

RIN 3235-AD81

Disclosure of Mutual Fund Performance and Portfolio Managers

AGENCY: Securities and Exchange Commission.

ACTION: Final rule and form amendments.

SUMMARY: The Commission is adopting rule and form amendments under the Securities Act of 1933 and the Investment Company Act of 1940 to improve disclosure of the performance of open-end management investment companies ("mutual funds") in their prospectuses and annual reports to shareholders. Under the amendments, a mutual fund is required to include in its prospectus or, alternatively, in its annual report to shareholders (1) a discussion of those factors, strategies, and techniques that materially affected its performance during its most recently completed fiscal year, and (2) a line graph comparing its performance to that of an appropriate broad-based securities market index. In addition, the amendments revise the content and format of the condensed financial information contained in the prospectus and require disclosure about portfolio managers. The rule and form amendments will provide investors with additional information concerning mutual fund performance and the individuals responsible for that performance.

EFFECTIVE DATE: July 1, 1993. This is the effective date for most but not all mutual funds. For the specific applicability of the effective date to individual funds, see Section I.E. of this Release.

FOR FURTHER INFORMATION CONTACT: With respect to the amendments generally, Martha H. Platt, Senior Attorney, or Robert E. Plaze, Assistant Director, (202) 272-2107, Office of Disclosure and Adviser Regulation; with respect to the revisions to the

condensed financial information, Lawrence A. Friend, Chief Accountant, (202) 272-2106, Division of Investment Management, Securities and Exchange Commission, 450 Fifth Street N.W., Washington, D.C. 20549.

SUPPLEMENTARY INFORMATION: The Securities and Exchange Commission ("Commission") today is adopting amendments to:

(1) Form N-1A [17 CFR 239.15A, 274.11A], the registration form used by open-end management investment companies ("funds" or "mutual funds") to register under the Investment Company Act of 1940 [15 U.S.C. 80a-1 et seq.] ("1940 Act") and to register securities under the Securities Act of 1933 [15 U.S.C. 77a et seq.] ("1933 Act"), that:

(a) revise substantially the condensed financial information contained in the prospectus; (b) require disclosure about the person(s) primarily responsible for the day-to-day management of the fund's portfolio; and (c) require a fund to provide in its prospectus or, alternatively, its annual report to shareholders: (i) a discussion of those factors, strategies, and techniques that materially affected its performance during the period of the report; (ii) a line graph comparison of its performance to that of an appropriate broad-based securities market index over the last ten years; and (iii) related information about the impact of maintaining guaranteed distributions;

(2) Form N-14 [17 CFR 239.23] to reflect the new disclosure item in Form N-1A; and

(3) Rule 34b-1 under the 1940 Act [17 CFR 270.34b-1] to exclude performance information included in periodic reports to shareholders from certain of the rule's requirements.

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I. Discussion

On January 8, 1990, the Commission issued a release proposing amendments to Form N-1A ("Proposing Release").¹ The proposals were designed to improve disclosure made to mutual fund investors in three areas by: (i) revising and simplifying the per share table; (ii) requiring disclosure about persons who contribute significantly to the investment advice relied on by the fund (the "portfolio manager"); and (iii) providing investors with a "management's discussion and analysis" of investment performance that would give fund management an opportunity to explain the fund's investment results ("Management's Discussion of Fund Performance" or "Management's Discussion"). In response to the proposed amendments, the Commission received 669 comment letters, 617 of which were from individual investors.

The Commission has decided to adopt the proposed amendments and related rule changes, modified to reflect many of the comments received. These revised disclosure requirements will give investors more information upon which to evaluate the performance of mutual funds and the individuals responsible for that performance.

A. Financial Highlights

The Commission proposed substantial revisions to the condensed financial information ("per share table") contained in mutual fund prospectuses to shorten and simplify the table. In addition, the Commission proposed adding to the table a line showing the fund's total return during each of the reported periods. Most commenters who addressed this proposal endorsed these changes. One commenter proposed organizing the data in a manner that will permit investors to trace more easily the operating performance of the fund on a per share basis from the fund's beginning net asset value to its ending net asset value

¹ Investment Company Act Rel. No. 17294 (Jan. 8, 1990) [55 FR 1460 (Jan. 16, 1990)] (File No. S7-1-90). The comment letters, as well as two comment summaries prepared by the Commission staff, are available for public inspection and copying at the Commission's Public Reference Room.

so that they may understand the sources of changes.² The revised format in which these proposals are being adopted is based on the recommendations of that commenter.³ The table is substantially the same as one contained in recent amendments to Form N-2, the registration form for closed-end investment companies, and is called "Financial Highlights."⁴

B. Portfolio Managers

The proposed amendments to Form N-1A would have added a new Item 5(c) to require prospectus disclosure about all persons who significantly contribute to the investment advice relied on to manage the fund's portfolio. The Commission received 667 comment letters, most of which were from individual investors supporting the proposed disclosure requirement. Industry commenters argued that the scope of any new disclosure requirement should be more circumscribed than the Commission's proposal.

After considering the comments received, the Commission has determined to modify the proposed item to identify more clearly the individuals that must be named in response to

² See Letter from T. Rowe Price Associates to Jonathan G. Katz (Mar. 14, 1990), File No. S7-1-90.

³ In addition, the Commission is adding an instruction to the table exempting money market funds from the requirement to state their portfolio turnover rates. See Instruction 13 to Item 3. Although not previously exempted, money market funds, in effect, had not been required to respond to this item because it instructed funds to omit from the calculation any security that matured within one year. Until 1991, substantially all securities held by money market funds matured within one year. In 1991, the Commission amended rule 2a-7 to lengthen the permitted maximum maturity of securities held by money market funds to 397 days (13 months) and, in certain cases, 762 days (25 months) if the security is a Government security. See Rule 2a-7(c)(2) [17 CFR 270.2a-7(c)(2)] and Investment Company Act Rel. No. 18005 (Feb. 20, 1991) [56 FR 8113 (Feb. 27, 1991)]. Money market funds could therefore have been required to respond to this item. This instruction, which codifies a no-action position taken by the Division of Investment Management in Investment Company Institute (pub. avail. Aug. 6, 1991), makes clear that these funds are exempt.

⁴ Investment Company Act Rel. No. 19115 (Nov. 20, 1992) [57 FR 56826 (Dec. 1, 1992)] ("Release 19115"). The differences in the financial highlights tables in Forms N-1A and N-2 result from functional differences between these types of funds (e.g., closed-end funds issue senior securities). In addition, the Commission has revised the captions in the table slightly from those adopted in Form N-2. Closed-end funds may use the modified captions in their prospectuses.

the item and to narrow its scope somewhat. As adopted, Item 5(c) requires a fund to disclose the name and title of the person or persons employed by or associated with the fund or its adviser "who are primarily responsible for the day-to-day management of the fund's portfolio."

The item is substantially the same as Item 9.1.c. of Form N-2, as recently amended.⁵ As in the case of Item 9.1.c., if all investment decisions for a fund are made by a committee and no person(s) is primarily responsible for making recommendations to that committee, no individuals need be identified by the fund.⁶ However, Item 5(c) contains an additional instruction, which states that its requirements do not apply to money market funds and index funds.⁷ Money market funds have been excluded because they must meet the risk-limiting conditions of rule 2a-7 under the 1940 Act [17 CFR 270.2a-7], which constrains the role of the portfolio manager.⁸ Index funds, which have as their investment objective replicating the performance of a specified securities index, have been excluded because the portfolio management of such funds is largely mechanical. However, an "index plus" fund, which has as its objective out-performing the performance of a specified fund index, would be required to respond to the item since its portfolio manager would have to make investment decisions that go beyond replicating the performance of the index.

⁵ Id.

⁶ See Item 5(c), Instruction 2. This exception is very narrowly drawn and is not applicable to a committee that merely ratifies the decisions of a portfolio manager or establishes broad strategies followed by a portfolio manager. This provision was also included in the recent amendments to Form N-2. See Investment Company Act Rel. No. 19115 at Sec. II.3., Item 9.

⁷ Instruction 3.

⁸ Rule 2a-7 is the exemptive rule used by most money market funds to maintain a stable net asset value. All money market funds are subject to certain risk-limiting conditions, e.g., they may only invest in short-term, dollar-denominated debt securities having minimal credit risks, and their average portfolio maturity may not exceed 90 days. See Investment Company Act Rel. No. 18005, supra note 3.

Funds are required to update their prospectuses to disclose material changes subsequent to the effective date of the registration statement or any post-effective amendment. This updated disclosure usually would be set forth in a prospectus supplement or "sticker" that is filed with the Commission and delivered to investors.⁹ Several commenters expressed concern that the new portfolio manager disclosure requirement would impose burdensome updating requirements when the portfolio manager changed. Several of these commenters appeared to interpret the proposal to require disclosure about a potentially large group of advisory personnel. As discussed above, the new item, as adopted, addresses this concern.

In addition, several commenters believed that the portfolio manager disclosure would obligate funds to make additional mass mailings of stickers to fund shareholders. Consistent with current requirements, the fund prospectus, stickered to reflect a change in the portfolio manager, would be delivered to new investors in a fund. New investors would include any current fund shareholder who is acquiring new fund shares through additional cash purchases (other than through a dividend reinvestment plan but including shares purchased through an automatic cash investment plan).¹⁰ So long as the current fund shareholder previously received the fund's prospectus, only the sticker need be delivered.¹¹ Current shareholders who are not new fund investors could receive the sticker in the fund's next regular mailing.

⁹ The "sticker" would be filed in accordance with rule 497 under the 1933 Act [17 CFR 270.497]. In addition to updating by a sticker, fund prospectuses may be updated by a post-effective amendment to a fund's registration statement. Under rule 485(b), post-effective amendments that currently are eligible to be filed under paragraph (b) will continue to be so eligible, notwithstanding the addition of, or changes to, information provided in response to Item 5(c).

¹⁰ If a sales load is deducted from reinvested dividends, the dividends reinvested are treated the same as additional cash purchases. Investment Company Act Rel. No. 6480 (May 10, 1971) [36 FR 9627 (May 27, 1971)].

¹¹ Securities Act Rel. No. 5985 (Oct. 4, 1978) [43 FR 52022 (Nov. 8, 1978)], at note 8.

Of course, a fund is free to send the sticker to all fund shareholders in an additional mailing.

C. Management's Discussion of Fund Performance

In the Proposing Release, the Commission requested comment on two alternative approaches to a Management's Discussion requirement. Alternative I would have required a fund to discuss and analyze its previous fiscal year's performance and the techniques used to achieve that performance in light of the fund's investment objectives. Alternative II would have required a fund to compare its total return to that of an appropriate securities index over specified time periods. Either alternative would have required a fund that has a formal or informal policy of maintaining a specified level of distributions to discuss the effects that the policy has had on the fund's investment strategies and per share net asset value during the previous fiscal year. In addition, the Commission requested comment on whether the Management's Discussion should combine elements of both alternatives.

Individual investor commenters overwhelmingly favored the Management's Discussion proposals, citing the value of the information in understanding fund performance. Many investors wrote that they did not believe mutual funds currently provide sufficient information to permit investors readily to evaluate fund investment results. Most commenters representing the mutual fund industry objected to elements of both alternatives. They cited the subjective judgments that a fund would have to make in either analyzing its performance or selecting a securities index as their principal objections to the proposal.

One industry commenter, along with a majority of the individual investors, argued that the alternatives should be combined. This commenter believed that implementing both proposals would obligate a fund to discuss its performance record, reference a standard against which its investment results may be evaluated, and provide an explanation if the results diverged from that standard. The Commission agrees, and is adopting an approach that combines features of both alternatives, as explained in greater detail below.

1. Disclosure Document

The proposed amendments to Form N-1A would have required that the Management's Discussion be in either the prospectus or, if the annual report is incorporated by reference into the prospectus, in the annual reports to shareholders.¹² In response to comments, the Commission is retaining the alternatives but is not requiring that an annual report containing the Management's Discussion be incorporated by reference into the prospectus.¹³ So that new or prospective investors may avail themselves of this new disclosure, the Commission is requiring a fund that places the Management's Discussion information in its annual report to disclose in its prospectus that its annual report contains additional performance information that will be made available upon request and without charge.¹⁴

2. Narrative Discussion of Fund Performance

As proposed, Alternative I would have required a separate discussion and analysis by management of the fund's performance during its most recently completed fiscal year in light of its investment objectives. Specifically, Alternative I would have required each fund to: (i) identify and evaluate those factors that materially affected its performance; (ii) evaluate the effectiveness of significant investment techniques and strategies used to pursue

¹² The proposals would have required that a copy of the annual report either precede or accompany delivery of the prospectus.

¹³ The Commission anticipates that, as a result, most funds will place the Management's Discussion in their annual reports. Accordingly, the Commission is not adopting proposed amendments to rule 485(b) under the 1933 Act, which would have permitted post-effective amendments containing the information required by new Item 5A to be eligible for immediate effectiveness under that rule.

¹⁴ A new Part C item also requires a fund that elects to include the Management's Discussion in its annual report instead of its prospectus to undertake in its registration statement to provide the annual report without charge to any recipient of its prospectus who requests the information. See new Item 32(c) of Part C of Form N-1A.

the fund's investment objectives; and (iii) describe any material effects that those techniques and strategies had on the fund's total return for its last fiscal year.

Mutual fund industry commenters objected that the proposal, as drafted, would require a "self-appraisal" by management of its own past performance. They argued that this is unrealistic because fund investment objectives do not specify "performance targets" or "quantifiable goals" against which a fund can measure its performance.

The Investment Company Institute ("ICI") recommended language that would eliminate the self-evaluative aspects of the proposal and would simply call for a discussion of those factors, strategies, and techniques that materially affected the fund's performance during its most recently completed fiscal year.¹⁵ The Commission is adopting the ICI's suggested language substantially as recommended. Item 5A(a) does not obligate funds to evaluate the effectiveness of the strategies and techniques they employed to achieve their performance, nor does it require funds to assess the extent to which they attained their investment objectives. Rather, the item requires funds to explain what happened during the previous fiscal year and why it happened. The narrative must describe what techniques or strategies, within the fund's investment objectives and limitations, management used that, together with market conditions and events, resulted in the performance of the fund.

3. Index Comparison

As proposed, Alternative II would have required a fund to compare its performance to that of an appropriate securities market index. The Commission is adopting an index comparison reporting requirement similar to that proposed, but is requiring that the index comparison be provided in the format of a line graph.¹⁶ This format is similar to the format

¹⁵ See Letter from the ICI to Jonathan G. Katz (Mar. 12, 1990), File No. S7-1-90.

¹⁶ Registrants filing the Management's Discussion on the Commission's Electronic Data Gathering, Analysis and Retrieval ("EDGAR") System should refer to paragraphs (a) through (c) of rule 304 under Regulation S-T [17 CFR 232.304(a) - (c)] and the EDGAR Filer Manual for the rules and technical requirements related to the filing of
(continued...)

recently adopted by the Commission to be included in the disclosure of executive compensation under the 1933 Act and the Securities Exchange Act of 1934 [15 U.S.C. 78a et seq.].¹⁷ The graph is designed to permit a comparison of the performance of the fund with "the market," and to put the narrative discussion into perspective. A sample graph appears as an appendix to this release.

A number of industry commenters said that comparing an unmanaged, expense-free index to a managed, expense-bearing fund would be inappropriate. The line graph assumes portfolios that have been assembled before beginning the measuring periods and thus need not reflect acquisition costs. As the Commission explained in the proposing release, an actively managed portfolio will have transaction and other costs, including advisory fees, which must be appropriately reflected in performance as the costs of managing a portfolio. An index adjusted for such fees and expenses would not be an objectively maintained benchmark and would penalize low-cost funds vis-a-vis high-cost funds.¹⁸

¹⁶(...continued)

graphic material on the EDGAR System. The information contained in the line graph would be described in the electronically submitted document, preferably through the use of a chart that would provide for each of the data points on the graph (i.e., the beginning of each of the ten years), the account value of the investment in the registrant, and the investment in the index. The paper version would, of course, contain the required line graph.

¹⁷ Securities Exchange Act Rel. No. 31327 (Oct. 16, 1992) [57 FR 48125 (Oct. 21, 1992)]. Investment companies were excepted from these requirements because their management is usually performed externally. Id. at Section I.

¹⁸ Accordingly, Instruction 7 to Item 5A(b) provides that the securities market index may not be adjusted to reflect fund expenses. The line graph for funds that serve as underlying investment vehicles for unit investment trusts offering periodic payment plans and those organized as insurance company separate accounts offering variable insurance contracts will not reflect trust (separate account) expenses. These funds should prominently disclose that the line graph does not reflect trust (separate account) expenses. In contrast, separate accounts may not advertise underlying fund performance unless accompanied by separate account performance which reflects separate account expenses. Investment Company Act Rel. No. 16245 (Feb. 2, 1988) [53 FR 3868 (Feb. 10, 1988)], Sec. II.7.

Commenters pointed out what they viewed as significant differences between funds and recognized indexes. However, as several commenters acknowledged, it is common practice for funds to include index comparisons in their annual reports and sales literature. To this extent, the adoption of this disclosure requirement is a codification of the disclosure practices of some funds. Moreover, comparisons are widely used by investment professionals in evaluating the performance of mutual funds, and are frequently used in the mutual fund industry as a means of measuring the compensation of portfolio managers and, in some cases, investment advisers to mutual funds. If a fund believes that the comparison is inapposite in ways that are not readily apparent, it should discuss these differences in the narrative portion of the Management's Discussion.

Some fund commenters argued that the diversity of funds and their range of investment strategies make selecting an index difficult. Item 5A(b) gives a fund considerable flexibility in selecting a broad-based index that it believes best reflects the market(s) in which it invests.

Instructions to Item 5A(b) provide funds with guidance in creating the line graph. The instructions for the line measuring fund performance generally follow the instructions in Item 22 of Form N-1A for the calculation of fund total return used in fund advertisements

and sales literature.¹⁹ The graph must assume a \$10,000 hypothetical investment and reflect all fund expenses, sales loads, and any account fees.²⁰

Item 5A(b) requires that a broad-based securities market index, such as the S&P 500, the Nikkei Index, or the Lehman Corporate Bond Index be used in the graphic comparison. The Commission has chosen to require funds to use a broad-based index in order to provide investors with a benchmark for evaluating fund performance that affords a greater basis for comparability than a narrow index would afford.²¹

Several commenters urged the Commission to permit peer group comparisons for all funds. They argued that an investor wants to know how his or her fund performed in comparison with other funds having similar investment objectives. The Commission has not adopted this approach. The index comparison requirement is designed to show how much value the management of the fund added by showing whether the fund "out-performed" or "under-performed" the market, and not so much whether one fund "out-performed"

¹⁹ Two instructions address issues regarding the computation of fund performance which have been addressed by the Division of Investment Management in the context of mutual fund advertisements and sales literature. Instruction 5 provides that, if the fund has not been in operation during each of the ten fiscal years, the fund may commence the line graph at either the effective date of its registration statement under the 1933 Act or the date it commenced operations, *i.e.*, began to invest its assets in accordance with its investment objectives, provided that that date is subsequent to the effective date of the registration statement. *See* The Fairmont Fund Trust (pub. avail. Dec. 9, 1988), note 1. Instruction 6 provides that, in certain circumstances, the fund may eliminate performance prior to the date the current investment adviser began to provide advisory services to the fund. *See* Investment Trust of Boston Funds (pub. avail. Apr. 13, 1989) and Unified Funds (pub. avail. Apr. 23, 1991).

²⁰ Instruction 4(c) provides guidance as to the appropriate method for allocating flat dollar account fees (*e.g.*, \$100) among series of a series fund, and is taken from Instruction 21(e) to Item 3(a) of Form N-4, the registration form used by insurance company separate accounts offering variable annuity contracts. [17 CFR 274.11c].

²¹ A broad-based index is one that provides investors with a performance indicator of the overall applicable stock or bond markets, as appropriate. An index would not be considered to be broad-based if it is composed of securities of firms in a particular industry or group of related industries.

another.²² A fund could underperform a relevant market, while nevertheless comparing favorably with its peers. In addition to the comparison required (with a broad-based index), the Commission is urging funds to compare their performance with other, more narrowly-based indexes. In addition, a registrant may compare its performance to an additional broad-based index or non-securities index, such as the Consumer Price Index, provided that the comparison is not set forth in a misleading manner.²³

Instruction 7 places general limitations on the kind of index that can be used. To prevent a conflict of interest from arising, the index must be created and administered by an organization that is not an affiliated person of the fund, its adviser or principal underwriter, unless the index is widely recognized and used.²⁴ In the latter case, the potential for conflict is diminished because the index is used for purposes other than as a benchmark against which to measure fund performance.

Item 5A(b) permits funds to change indexes, provided certain conditions are met. Instruction 12 requires that funds explain the reasons for any change and include the previously used index comparison in the Management's Discussion in which the new index first appears.²⁵

Item 5A(b) requires that, within or contiguous to the graph, funds include their average annual total return for the one, five and ten year periods ending on the last day of the most recently completed fiscal year calculated in conformance with Item 22 of Form

²² The average annual total return figures that are required to be within or contiguous to the line graph will provide a basis for comparing one fund to another. See discussion of Item 5A(b) below.

²³ See Item 5A(b), Instruction 8.

²⁴ The term "affiliated person" is defined in Section 2(a)(3) of the 1940 Act [15 U.S.C. 80a-2(a)(3)].

²⁵ Both indexes must cover the entire 10 year period during the transition year.

N-1A. These are the "standardized" total return figures used in advertisements and sales literature.²⁶ This information will assist investors in comparing the performance of different funds. Finally, the line graph must be accompanied by a statement that past performance is not predictive of future performance.

4. Disclosure Regarding Maintenance of Fixed Distribution Levels

As proposed, Item 5A(c) requires each fund that has a policy or practice of maintaining a specified level of distributions to its shareholders to report what impact that policy had on the fund's investment strategies and per share net asset value during its last fiscal year. Commenters generally believed that this information would help investors better appreciate the extent to which the strategies used to maintain a particular distribution level affected the value of their investments.

While the other requirements of new Item 5A concentrate on overall fund performance, this requirement focuses on how the fund sustained its distribution rate and any consequent changes in per share net asset value. From a fund's response to this disclosure requirement, the investor should have a clearer picture of whether the fund had to distribute capital, as well as profits, to maintain its distribution rate.

5. Money Market Funds

Money market funds would be exempt from the Management's Discussion requirement. The problems that the Management's Discussion requirement seeks to address with respect to investor understanding of performance do not appear to exist with respect to

²⁶ Rule 34b-1 requires that sales literature containing performance information include the same uniformly-computed average annual total return figures required by rule 482 under the 1933 Act to be included in advertisements containing performance information. Rule 34b-1 provides an exception for reports to shareholders, including annual reports, that contain performance data covering only the period of the report. See Proposing Release at Section II.B.3(d). The Commission is amending rule 34b-1. See discussion *infra* at Section D.1 of this Release.

money market funds. Of course, money market funds retain the option of providing investors with a discussion of their performance, including illustrative line graphs.

D. Miscellaneous

1. Sales Literature

As proposed, the Commission is adopting technical amendments to rule 34b-1.²⁷

Among other things, the rule requires performance information in sales literature to be reasonably current, and thus periodically updated so that the performance data is not stale.²⁸

The amendments exclude from the updating requirements performance information contained in periodic reports to shareholders.²⁹

²⁷ Rule 34b-1 excludes annual reports to shareholders under Section 30(d) of the 1940 Act that contain only performance data for the period of the report. In Investment Company Act Rel. No. 16254 (Feb. 2, 1988) [53 FR 3868 (Feb. 10, 1988)] at n. 39 the Commission stated that inclusion of financial statements (including the per share table) in an annual report does not trigger the uniform disclosure provisions of rule 34b-1. The addition of total return figures to the per share table (now, financial highlights) in response to amended Item 3(a) will not trigger the provisions of rule 34b-1 provided that the figures are given no special prominence from the other data in the table.

²⁸ A note to rule 34b-1 provides that the currentness provisions of paragraph (f) of rule 482 [17 CFR 230.482(f)] also apply to sales literature. Thus, all performance information in sales literature must be as current as practicable considering the type of investment company and the media through which the advertising will be conveyed, but total return is updated only quarterly. The staff has interpreted these provisions to require quarterly updating of any performance information in sales literature.

²⁹ In addition, and as proposed, the Commission is adding a sentence to the note to rule 34b-1 clarifying that the currentness provisions apply from the date of distribution of sales literature and not from the date of submission for publication. The Commission is also revising rule 34b-1 to correct a drafting error in Release 18005, supra note 3, which, among other things, amended rule 34b-1 to require that money market fund sales literature include the legend required by paragraph (a)(7) of rule 482 under the 1933 Act [17 CFR 230.482(a)(7)]. Paragraph (a)(7) requires a money market fund to disclose that an investment in the fund is not insured by the U.S. government and that there can be no assurance that the fund will maintain a stable net asset value. Unintentionally, this requirement was limited to money market fund sales literature containing performance information. To correct this, the rule has been redrafted into two sections -- paragraph (a), which applies to all money market fund sales literature, and paragraph (b), which only applies to sales literature containing performance information.

2. Form N-14

Form N-14 is the registration form used by investment companies to register under the 1933 Act securities to be issued in mergers and other forms of business combination. The Commission is amending Item 5(a) of Form N-14 to require that security holders voting on (or consenting to) a merger or other business combination be furnished with the Management's Discussion information required by Item 5A.³⁰ The Management's Discussion must be included in the prospectus delivered in connection with such a transaction, unless the prospectus is accompanied by an annual report to shareholders containing the Management's Discussion information.³¹

E. Date of Effectiveness

The Commission is staggering the date when the amendments adopted today will become effective to coincide, to the extent possible, with the annual updating of registration statements and the distribution of new annual reports to shareholders.

1. Prospectuses. The amendments to Form N-1A regarding (i) disclosure of portfolio managers, (ii) financial highlights, and (iii) Management's Discussion for those funds that elect to include a Management's Discussion in their prospectuses will become effective in the following manner. For funds whose registration statements become effective on or after July 1, 1993, or a series added by post-effective amendment that becomes effective on or after July 1, 1993, the revisions are effective for prospectuses used on or after that date. For funds with fiscal years ending on February 28,

³⁰ Item 5 of Form N-14, as amended, requires that the Management's Discussion information must be provided for the acquiring fund and Item 6 (which cross-references Item 5) requires the Management's Discussion to be provided for the acquired fund.

³¹ Although the Commission is not amending Form N-14 in any further respect, because Form N-14 cross-references items of Form N-1A, the adoption of amendments to Form N-1A revising the condensed financial information and requiring disclosure of portfolio managers will require the same additional disclosure in registration statements filed on Form N-14.

these revisions will become effective on July 1, 1993, as to prospectuses used on or after that date, the date on which their post-effective amendments ordinarily must become effective. For all other funds, today's revisions will become effective upon use of any prospectus contained in any post-effective amendment filed on July 1, 1993 or thereafter.³²

2. Annual Reports. Funds that have included or intend to include a Management's Discussion in their annual reports must do so in any annual report first distributed to shareholders on or after July 1, 1993. Funds must use the new financial highlights in all annual reports distributed on or after July 1, 1993.

Funds should note, however, that, under Instruction 5(b) to new Item 5A, a newly registered fund (or series) will not have to include a Management's Discussion in the annual report unless the report contains audited financial statements covering a period of at least six months.³³

II. Cost/Benefit Analysis

Several commenters raised concerns that the form and rule amendments as proposed could result in additional costs for funds which may be passed on to investors. The Commission has modified the amendments to reflect many of these concerns. The Commission has narrowed the scope of the item requiring identification of portfolio managers, which will, in turn, reduce the costs of updating; reduced the need to update information in annual reports; and simplified the narrative portion of the Management's Discussion. The Commission also considered the cost of satisfying the Management's Discussion requirements generally and concluded that significant expenses will not be

³² These are the same effectiveness provisions that were used when Form N-1A was revised to require a fee table in mutual fund prospectuses. See Investment Company Act Rel. No. 16244 (Feb. 1, 1988) [53 FR 3192 (Feb. 4, 1988)].

³³ The Commission does not expect the information required by new Item 3(d) of Form N-1A to be included in the prospectus of a fund until the fund's annual report contains the new disclosures.

incurred because the information required is readily available to funds and is of a type generally considered by a fund's board in connection with deciding whether to renew the advisory contract. Moreover, the Commission believes that the costs of the amendments adopted today are outweighed by the benefits to investors of receiving the additional disclosure.

III. Regulatory Flexibility Act Analysis

A summary of the Initial Regulatory Flexibility Analysis, which was prepared in accordance with 5 U.S.C. 603, was published in Investment Company Act Release No. 17294. No comments were received on this analysis. The Commission has prepared a Final Regulatory Flexibility Analysis, a copy of which may be obtained by contacting Martha H. Platt, Division of Investment Management, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D. C. 20549.

IV. Text of Final Rule and Form Amendments

List of Subjects in 17 CFR Parts 239, 270, 274

Investment Companies, Reporting and recordkeeping requirements, Securities

For the reasons set out in the preamble, the Commission is amending Chapter II, Title 17 of the Code of Federal Regulations as follows:

PART 239 - FORMS PRESCRIBED UNDER THE SECURITIES ACT OF 1933

1. The authority citation for part 239 continues to read, in part, as follows:

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s, 77sss, 78c, 78l, 78m, 78n, 78o(d), 78w(a), 78ll(d), 79e, 79f, 79g, 79j, 79l, 79m, 79n, 79q, 79t, 80a-8, 80a-29, 80a-30 and 80a-37, unless otherwise noted.

* * * * *

2. By revising paragraph (a) of Item 5 of Form N-14 in §239.23 to read as follows:

Note: Form N-14 will not appear in the Code of Federal Regulations.

§239.23 Form N-14, for the registration of securities issued in business combination transactions by investment companies and business development companies.

Form N-14

* * * * *

Item 5. Information About the Registrant

* * * * *

(a) if the Registrant is an open-end management investment company, furnish the information required by Items 3, 4(a) and (b), 5, 5A, 6(a), (c), (d), (e), (f), and (g), and 7 through 9 of Form N-1A under the 1940 Act, provided, however, that the information required by Item 5A may be omitted if the prospectus is accompanied by an annual report to shareholders containing the information otherwise required by Item 5A;

* * * * *

Part 270 - RULES AND REGULATIONS, INVESTMENT COMPANY ACT OF 1940

3. The authority citation for Part 270 continues to read, in part, as follows:

Authority: 15 U.S.C. 80a-1 et seq., 80a-37, 80a-39, unless otherwise noted;

* * * * *

4. By revising §270.34b-1 to read as follows:

§270.34b-1 Sales literature deemed to be misleading.

Any advertisement, pamphlet, circular, form letter, or other sales literature addressed to or intended for distribution to prospective investors that is required to be filed with the Commission by Section 24(b) of the Act [15 U.S.C. 80a-24(b)] ("sales literature") shall have omitted to state a fact necessary in order to make the statements made therein not materially misleading unless the sales literature includes the information specified in paragraphs (a) and (b) of this section.

(a) Sales literature for a money market fund shall contain the information required by paragraph (a)(7) of §230.482 of this chapter;

(b) (1) Except as provided in paragraph (b)(2) of this section, any sales literature containing investment company performance data shall also include:

(i) the disclosure required by paragraph (a)(6) of §230.482 of this Chapter; and

(ii) the following additional performance data, which shall meet with the currentness requirements of paragraph (f) of §230.482 of this chapter:

(A) except in the case of a money market fund, the total return information required by paragraph (e)(3) of §230.482 of this chapter;

(B) in the case of sales literature containing a quotation of yield or other similar quotation purporting to demonstrate the income earned or distributions made by the company, a quotation of current yield specified by paragraph (e)(1) of §230.482 of this chapter, or, in the case of a money market fund, paragraph (d)(1) of §230.482 of this chapter; and

(C) in the case of sales literature containing a quotation of tax equivalent yield or other similar quotation purporting to demonstrate the tax equivalent of income earned or distributions made by the company, a quotation of tax equivalent yield specified by paragraph (e)(2) and current yield specified by paragraph (e)(1) of §230.482 of this chapter, or, in the case of a money market fund, paragraph (d)(1) of §230.482 of this chapter.

(2) The requirements specified in paragraph (b)(1) of this section shall not apply to any quarterly, semi-annual or annual report to shareholders under Section 30 of the Act [15 U.S.C. 80a-29], containing performance data for a period commencing no earlier than the first day of the period covered by the report.

NOTE: Sales literature (except that of a money market fund) containing a quotation of yield or tax equivalent yield must also contain the total return information. In the case of sales literature, the currentness provisions apply from the date of distribution and not the date of submission for publication.

PART 239 - FORMS PRESCRIBED UNDER THE SECURITIES ACT OF 1933

PART 274 - FORMS PRESCRIBED UNDER THE INVESTMENT COMPANY ACT OF 1940

5. The authority citation for Part 274 continues to read, in part, as follows:

Authority: 15 U.S.C. 80a-1 et seq., unless otherwise noted.

* * * * *

§239.15A Form N-1A, registration statement of open-end management investment companies.

§274.11A Form N-1A, registration statement of open-end management investment companies.

Note: Form N-1A will not appear in the Code of Federal Regulations.

6. By revising paragraph 4 of General Instruction F of Form N-1A (§§239.15A and 274.11A) to read as follows:

Form N-1A

* * * * *

General Instructions

* * * * *

F. Documents Comprising Registration Statement or Amendment

* * * * *

4. A registration statement or an amendment thereto which is filed under only the 1940 Act shall consist of the facing sheet of the Form, responses to all items of Parts A and B except Items 1, 2, 3 and 5A of Part A thereof, responses to all Items of Part C except Items 24(b)(6), 24(b)(10), 24(b)(11), and 24(b)(12), required signatures, and all other documents which are required or which the Registrant may file as part of the registration statement.

* * * * *

7. By amending Item 3 of Form N-1A (§§239.15A and 274.11A) by revising paragraph (a) and by adding new paragraph (d) to read as follows:

Form N-1A

* * * * *

Item 3. Condensed Financial Information

(a) Furnish the following information for the Registrant, or for the Registrant and its subsidiaries, consolidated as prescribed in Rule 6-03 [17 CFR 210.6-03] of Regulation S-X.

Financial Highlights
(Introduction)

Net Asset Value, Beginning of Period

Income From Investment Operations
Net Investment Income
Net Gains or Losses on Securities (both realized
and unrealized)
Total From Investment Operations

Less Distributions
Dividends (from net investment income)
Distributions (from capital gains)
Returns of Capital
Total Distributions

Net Asset Value, End of Period

Total Return

Ratios/Supplemental Data

Net Assets, End of Period
Ratio of Expenses to Average Net Assets
Ratio of Net Income to Average Net Assets
Portfolio Turnover Rate

Instructions:

General Instructions

1. Briefly explain the nature of the information contained in the table and its source. The auditor's report as to the financial highlights need not be included in the

prospectus. Note that the auditor's report is contained elsewhere in the registration statement, specify its location, and state that it can be obtained by shareholders.

2. Present the information in comparative columnar form for each of the last ten fiscal years of the Registrant (or for the life of the Registrant and its immediate predecessors, if less) but only for periods subsequent to the effective date of Registrant's 1933 Act registration statement. In addition, present the information for the period between the end of the latest fiscal year and the date of the latest balance sheet or statement of assets and liabilities. Where the period for which the Registrant provides financial highlights is less than a full fiscal year, the ratios set forth in the table may be annualized, but the fact of this annualization must be disclosed in a note to the table.
3. List per share amounts at least to the nearest cent. If the offering price is expressed in tenths of a cent or more, then state the amounts in the table in tenths of a cent. Present the information using a consistent number of decimal places.
4. Make, and indicate in a note, appropriate adjustments to reflect any stock split or stock dividend during the period.
5. If the investment adviser has been changed during the period covered by this item, indicate the date(s) of the change(s) in a note.
6. The financial highlights for at least the latest five fiscal years must be audited and must so state.

Per Share Operating Performance

7. Derive net investment income data by adding (deducting) the increase (decrease) per share in undistributed net investment income for the period to (from) dividends from net investment income per share for the period. The increase (decrease) may be derived by comparing the per share figures obtained by dividing undistributed net investment income at the beginning and end of the period by the number of shares outstanding on those dates. Other methods may be acceptable, but should be explained briefly in a note to the table.
8. The amount shown at the Net Gains or Losses on Securities caption is the balancing figure derived from the other figures in the statement. The amount shown at this caption for a share outstanding throughout the year may not agree with the change in the aggregate gains and losses in the portfolio securities for the year because of the timing of sales and repurchases of Registrant's shares in relation to fluctuating market values for the portfolio.
9. For any distributions made from sources other than net investment income and capital gains, state the per share amounts thereof separately at the Returns of Capital caption and note the nature of the distributions.
10. In the Net Asset Value, End of Period caption, use the net asset value for the end of each period for which information is being provided.

Total Return

11. When calculating "total return":
- (a) assume an initial investment made at the net asset value last calculated on the business day before the first day of each fiscal year;
 - (b) assume all dividends and distributions by the Registrant are reinvested at the price stated in the prospectus on the reinvestment dates during the year, i.e., total return must reflect any sales load charged upon reinvestment of dividends;
 - (c) assume a redemption at the price last calculated on the last business day of each fiscal year;
 - (d) do not reflect sales loads or account fees, but if the Registrant charges sales load or account fees, note that they are not reflected in total return; and
 - (e) for a period less than a full fiscal year, annualize (but do not compound) the total return and disclose the annualization in a note to the table.

Ratios/Supplemental Data

12. Compute "average net assets" based on the value of the net assets determined no less frequently than the end of each month.
13. A Registrant (or a series of a Registrant) that is a money market fund may omit the portfolio turnover rate.
14. Compute the portfolio turnover rate as follows:
- (a) divide (A) the lesser of purchases or sales of portfolio securities for the particular fiscal year by (B) the monthly average of the value of the portfolio securities owned by the Registrant during the fiscal year. Calculate the monthly average by totalling the values of portfolio securities as of the beginning and end of the first month of the fiscal year and as of the end of each of the succeeding eleven months and dividing the sum by 13;
 - (b) exclude from both the numerator and the denominator all securities, including options, whose maturities or expiration dates at the time of acquisition were one year or less. Include all long-term securities, including long-term U.S. Government securities. Purchases include any cash paid upon the conversion of one portfolio security into another and the cost of rights or warrants. Sales include net proceeds of the sale of rights or warrants and net proceeds of portfolio securities that have been called or for which payment has been made through redemption or maturity;
 - (c) if during the fiscal year the Registrant acquired the assets of another investment company or of a personal holding company in exchange for its own shares, exclude from purchases the value of securities so acquired, and, from sales, all sales of such securities made following a purchase-of-assets

transaction to realign the Registrant's portfolio. Appropriately adjust the denominator of the portfolio turnover computation, and disclose the exclusions and adjustments; and

- (d) include in purchases and sales any short sales that the Registrant intends to maintain for more than one year and put and call options with expiration dates more than one year from the date of acquisition. Include proceeds from a short sale in the value of the portfolio securities sold during the period; include the cost of covering a short sale in the value of portfolio securities purchased during the period. Include premiums paid to purchase options in the value of portfolio securities purchased during the reporting period; include premiums received from the sale of options in the value of the portfolio securities sold during the period.

* * * * *

- (d) If the information called for by Item 5A is not included in the prospectus, disclose that further information about the performance of the Registrant is contained in the Registrant's annual report to shareholders which may be obtained without charge.

* * * * *

8. By redesignating current paragraphs (c), (d), (e), and (f) of Item 5 of Form N-1A (§§239.15A and 274.11A) as paragraphs (d), (e), (f), and (g), and adding a new paragraph (c) and Item 5A to read as follows:

Form N-1A

* * * * *

Item 5. Management of the Fund

* * * * *

- (c) Disclose the name and title of the person or persons employed by or associated with the Registrant's investment adviser (or the Registrant) who are primarily responsible for the day-to-day management of the fund's portfolio and disclose the length of time that each person has been primarily responsible and each person's business experience during the past five years.

Instructions:

1. In responding to this item, it is sufficient to provide information about the person (or persons) who serves as the Registrant's portfolio manager, whether or not subject to the oversight, approval or ratification of a committee.
2. In the event that the organizational arrangements of the investment adviser (or the Registrant, if internally managed) require that all investment decisions be made by a committee, and no person(s) is primarily responsible for making recommendations to that committee, the Registrant may state that fact in lieu of identifying the committee members.
3. Registrants that are money market funds or whose investment objectives involve replicating the performance of an index are not required to respond to this item.

* * * * *

Item 5A. Management's Discussion of Fund Performance

For all registrants other than money market funds, unless the information called for by this item is contained in the annual report of the Registrant:

(a) Briefly discuss those factors, including the relevant market conditions and the investment strategies and techniques pursued by the Registrant's investment adviser, that materially affected the performance of the Registrant during the most recently completed fiscal year.

(b) Provide a line graph comparing the initial account value and subsequent account values at the end of each of the most recently completed ten fiscal years of the Registrant, assuming a \$10,000 investment in the Registrant at the beginning of the first fiscal year, to the same investment over the same periods in an appropriate broad-based securities market index. In a table placed within or contiguous to the graph, provide the company's average annual total returns for the one, five, and ten year periods ended on the last day of the most recent fiscal year computed in accordance with Item 22(b)(i).

Accompany the graph with a statement that past performance is not predictive of future performance.

Instructions:

In preparing the line graph comparison:

1. **Computation:**

- (a) Assume that the initial investment was made at the public offering price last calculated on the business day before the first day of the first fiscal year.
- (b) Base subsequent account values on the net asset value of the Registrant last calculated on the last business day of the first and each subsequent fiscal year.
- (c) Calculate the final account value by assuming the account was closed and redemption was at the price last calculated on the last business day of the most recent fiscal year.
- (d) If the Registrant requires a minimum initial investment of more than \$10,000, base the line graph on initial investment of the minimum amount.

2. **Sales Load.** Reflect sales load (or any other fees charged at the time of purchasing shares or opening an account) by beginning the line graph at the amount that actually would be invested, *i.e.*, a dollar amount below \$10,000. Assume that the maximum sales load (and other charges deducted from payments) is deducted from the initial \$10,000 investment. In the case of a Registrant that charges a deferred sales load (or other amounts at redemption or upon closing of an account), assume the deduction of the maximum deferred sales load (or other charges) that would be applicable for a complete redemption that received the price last calculated on the last business day of the most recent fiscal year.

3. **Dividends and Distributions.** Assume all dividends and distributions by the Registrant are reinvested at the price stated in the prospectus on the reinvestment dates during the period, *i.e.*, total return must reflect any sales load charged upon reinvestment of dividends and/or distributions.

4. **Account Fees.** Reflect all recurring fees that are charged to all accounts.

- (a) For any account fees that vary with the size of the account, assume a \$10,000 account size.
- (b) If recurring fees charged to shareholder accounts are paid other than by redemption of fund shares, they should be appropriately reflected.
- (c) In the case of a series company, reflect an annual account fee by allocating the fee among the series in the following manner: divide the total amount of account fees collected during the year by the total average net assets of the series, multiply the resulting percentage by the average account value for each series and reduce the value of each hypothetical account at the end of each fiscal year during which the account fee was charged.

5. New Registrants

- (a) A new Registrant (or a new series) is not required to include the information specified by this item in its prospectus (or, in the case of a Registrant that opts to include the information in the annual report, its annual report) unless the Statement of Additional Information (or annual report) contains audited financial statements covering a period of at least six months.
- (b) If the Registrant's registration statement under the Securities Act of 1933 has not been effective (or, in the case of a series, the Registrant has not offered shares of the series to the public) for all of the ten year periods, begin the line graph either on (a) the date the registration statement became effective (or the Registrant began to offer shares of the series), or (b) the date the Registrant (or series) commenced operations, *i.e.*, began to invest its assets in accordance with its investment objectives, provided such date is subsequent to the date the Registrant's registration statement became effective.

6. New Advisers. If the Registrant has not had the same investment adviser during the previous ten fiscal year periods, the Registrant may begin the line graph on the date the current adviser began to provide advisory services to the fund, provided that (a) neither the current adviser nor any affiliate is or has been in "control" of the previous adviser as that term is defined in Section 2(a)(9) of the Investment Company Act [15 U.S.C. 80a-2(a)(9)]; (b) the current adviser employs no officer of the previous adviser or employees of the previous adviser who were responsible for providing investment advisory or portfolio management services to the company; and (c) the graph is accompanied by a statement explaining that previous periods during which the fund was advised by another investment adviser are not shown.

7. Appropriate Index. For purposes of this item, an "appropriate broad-based securities market index" must be one that is administered by an organization that is not an affiliated person of the Registrant, its investment adviser or principal underwriter, unless the index is widely recognized and used. The securities index must be adjusted to reflect reinvestment of dividends on securities in the index, but not the expenses of the Registrant.

8. Use of Additional Indexes. In addition to the required comparison to a broad-based index, registrants are urged to compare their performance to other more narrowly-based indexes which reflect the market sectors in which they invest. In addition, a registrant may compare its performance to an additional broad-based index, or to a non-securities index, *e.g.*, the Consumer Price Index, provided that the comparison is not set forth in a misleading manner.

9. Other Periods. The line graph may cover earlier fiscal years and may compare the ending values of interim periods, *e.g.*, monthly or quarterly ending values, provided that those periods are subsequent to the effective date of the Registrant's registration statement under the 1933 Act.

10. Scale. The axis of the graph measuring dollar amounts may be constructed using either a linear or logarithmic scale.

11. Series Companies. Treat each series as a separate Registrant for purpose of this item.

12. New Indexes. If the Registrant selects a different index from an index used in the line graph for the immediately preceding fiscal year, explain the reason(s) for the change and also compare the Registrant's annual change in the value of an investment in a hypothetical shareholder account with that of both the newly selected index and the index used in the line graph for the immediately preceding fiscal year.

(c) Discuss the impact that any policy or practice as to the maintenance of a specified level of distributions to shareholders had on investment strategies of the company and per share net asset value during the company's last fiscal year.

Instruction:

In responding to Item 5A(c), discuss the extent to which its distribution policy resulted in distributions of capital.

9. By amending Item 32 of Form N-1A (§§239.15A and 274.11A) by adding paragraph (c) to read as follows:

Form N-1A

* * * * *

Item 32. Undertakings

* * * * *

(c) if the information called for by Item 5A is contained in the latest annual report to shareholders, an undertaking to furnish each person to whom a prospectus is delivered with a copy of the Registrant's latest annual report to shareholders, upon request and without charge.

* * * * *

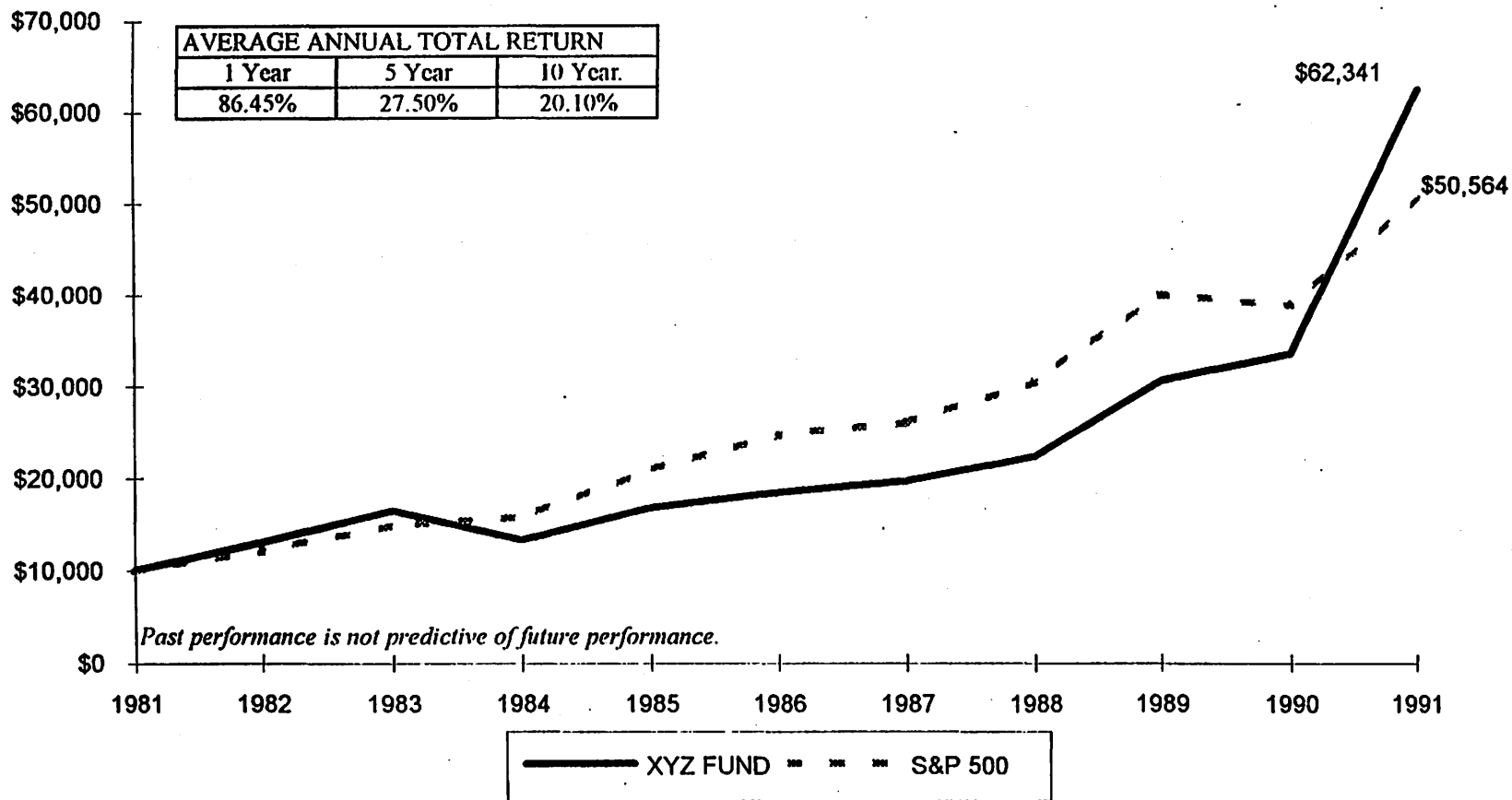
By the Commission

Jonathan G. Katz
Secretary

April 6, 1993

Note: The appendix will not appear in the Code of Federal Regulations.

COMPARISON OF CHANGE IN VALUE OF \$10,000 INVESTMENT IN XYZ FUND AND THE S&P 500



b.2. Double or multiple sealing joints within the stream containment area;

b.3. Capable of in-situ sterilization in a closed state.

Note: Sub-groups of fermenters include bioreactors, chemostats, and continuous-flow systems.

c. Centrifugal separators capable of the continuous separation of pathogenic micro-organisms, without the propagation of aerosols, and having all of the following characteristics:

c.1. A flow rate greater than 100 liters per hour;

c.2. Components of polished stainless steel or titanium;

c.3. Double or multiple sealing joints within the stream containment area;

c.4. Capable of in-situ stream sterilization in a closed state.

Note: Centrifugal separators include decanters.

d. Cross-flow filtration equipment designed for continuous separation of pathogenic microorganisms, viruses, toxins, and cell cultures without the propagation of aerosols, having all of the following characteristics:

d.1. Equal to or greater than 5 square meters;

d.2. Capable of in-situ sterilization.

e. Steam sterilizable freeze-drying equipment with condenser capacity greater than 50 kgs. but less than 1,000 kgs. of ice in 24 hours.

f. Equipment that incorporates or is contained in P3 or P4 containment housing, as follows:

f.1. Independently ventilated protective full or half suits; and

f.2. Class III biological safety cabinets or isolators with similar performance standards.

g. Chambers designed for aerosol challenge testing with pathogenic micro-organisms, viruses, or toxins and having a capacity of 1 cubic meter or greater.

3. In Supplement No. 1 to § 799.1, Category 1, ECCN 1C65E is removed.

Dated: April 20, 1993.

Iain S. Baird,

Acting Assistant Secretary for Export Administration.

[FR Doc. 93-9678 Filed 4-23-93; 8:45 am]

BILLING CODE 3510-DT-P

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 239, 270 and 274

[Release Nos. 33-6993; IC-19412; S7-1-90]

RIN 3235-AD81

Disclosure of Mutual Fund Performance and Portfolio Managers

AGENCY: Securities and Exchange Commission.

ACTION: Correction to final rules.

SUMMARY: This document contains a correction to the release adopting rule and form amendments under the Securities Act of 1933 and the Investment Company Act of 1940 that was published Monday, April 12, 1993 (58 FR 19050). As the Commission stated in that release, performance information contained in periodic reports to shareholders is exempt from the currentness requirements of rule 34b-1. The rule text setting forth this exemption was inadvertently omitted from the release.

EFFECTIVE DATE: July 1, 1993. This is the effective date for most but not all mutual funds. For the specific applicability of the effective date to individual funds, see Section I.E. of the release in which the rule and form amendments were adopted, published Monday, April 12, 1993 (58 FR 19050).

FOR FURTHER INFORMATION CONTACT: Martha H. Platt, Senior Attorney, or Robert E. Plaze, Assistant Director, (202) 272-2107, Office of Disclosure and Adviser Regulation, Division of Investment Management, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549.

SUPPLEMENTARY INFORMATION: Accordingly, the publication on April 12, 1993 of the adopting release, which was the subject of FR Doc. 93-8454, is corrected as follows: On page 19056 in the first column, in the ninth line of § 270.34b-1(b)(2), remove the period following "the period covered by the report" and add the following before "Note * * *"; nor shall the requirements of paragraphs (e)(3)(ii) and (f) of rule 482 [17 CFR 230.482(e)(3)(ii) and (f)] apply to any such periodic report containing any other performance data."

Dated: April 20, 1993.

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 93-9606 Filed 4-25-93; 8:45 a.m.]

BILLING CODE 8010-01-M

DEPARTMENT OF DEFENSE

Office of the Secretary

32 CFR Parts 82 and 200

Removal of Parts

AGENCY: Office of the Secretary, DoD.

ACTION: Final rule.

SUMMARY: The Department of Defense hereby removes obsolete parts concerning military standby air travel and industrial preparedness planning from title 32 of the Code of Federal Regulations. These parts have served the purpose for which they were intended and are no longer valid.

EFFECTIVE DATE: April 26, 1993.

FOR FURTHER INFORMATION CONTACT:

L.M. Bynum, Correspondence and Directives Directorate, 1155 Defense Pentagon, Washington, DC 20301-1155.

SUPPLEMENTARY INFORMATION: The chart below identifies the cancellation document of the CFR part.

32 CFR part No.	Subject	Canceled by
82	Military Stand-by Authorization for Commercial Air Travel (DD Form 1580).	SD Form 106-1.
200	Industrial Preparedness Planning.	SD Form 106-1.

List of Subjects

32 CFR Part 82

Air carriers, Military personnel.

32 CFR Part 200

Business and industry, Government procurement, National defense.

PARTS 82 AND 200—[REMOVED]

Accordingly, by the authority of 10 U.S.C. 131, 32 CFR parts 82 and 200 are removed.

Dated: April 21, 1993.

L.M. Bynum,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 93-9648 Filed 4-23-93; 8:45 am]

BILLING CODE 5000-04-M