

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 230

[Release Nos. 33-7399; IC-22529; File No. S7-18-96]

RIN 3235-AH03

Proposed New Disclosure Option for Open-End Management Investment Companies

Correction

In proposed rule document 97-5376 beginning on page 10943 in the issue of Monday, March 10, 1997 make the following corrections:

(1) On page 10946, in the first column, footnote ²⁷ should read ²⁷ Proposed rule 498(c)(1). The cover page also would include the date of the profile. See *infra* note 84 and accompanying text regarding the proposed dating requirements. If the profile is distributed electronically or as part of another document (e.g., when the profile is printed in a magazine), rule 498 would require cover page information to appear at the beginning of the profile.

(2) On the same page, in the third column, footnote ³³ should read: ³³ Proposed rule 498(c)(2)(i) (incorporating Item 2(a) of proposed Form N-1A). In providing this disclosure, a fund could refer to its investment objectives as investment goals.

(3) On page 10947, in the third column:

(a) Footnote ⁴⁵ should read: ⁴⁵ The 1996 Profile Letter, *supra* note 9, at 2, requires a fund to disclose without further explanation that it is non-diversified.

(b) Footnote ⁴⁶ should read: ⁴⁶ Proposed rule 498 (c)(2)(iii) (incorporating Item 2(c) of proposed Form N-1A).

(c) Footnote ⁴⁷ should read: ⁴⁷ The 1996 Profile Letter, *supra* note 9, at 2-3, requires the bar chart and table to appear under a caption relating to a fund's past performance. To help investors use the information in the bar chart and table, the proposed rule would require a fund to explain how the information illustrates the fund's risks and performance. Item 2 of proposed Form N-1A would provide the following example of this explanation: This information illustrates the fund's risks and performance by showing changes in the fund's performance from year to year and by showing how the fund's average annual returns for one, five, and ten years compare to those of a broad measure of market performance. A fund also would be required to disclose that how the fund has performed in the past is not necessarily an indication of how the fund will perform in the future.

(d) Footnote ⁴⁸ should read: ⁴⁸ See Risk Concept Release, *supra* note 5.

(4) On page 10948, in the first column, footnote ⁵¹ should read:

⁵¹ See 1996 Profile Letter, *supra* note 9, at 3 (permitting a fund, at its option, to compare

its returns to those of an appropriate broad-based securities market index).

(5) On the same page, in the second column:

(a) Footnote ⁵⁶ should read: ⁵⁶ Proposed rule 498(c)(2)(iv) (incorporating Item 3 of proposed Form N-1A). See also Item 2(a) of Form N-1A.

(b) Footnote ⁵⁷ should read: ⁵⁷ See Form N-1A Release, *supra* note 1 (proposing amendments to improve fee table disclosure).

(6) On the same page, in the third column:

(a) "Other Disclosure Requirements" should read "3. Other Disclosure Requirements".

(b) Footnote ⁵⁸ should read: ⁵⁸ Proposed rule 498(c)(2)(v). Consistent with Item 6(a)(2) of proposed Form N-1A, rule 498 would not require information about the portfolio manager of a money market fund or an index fund.

(c) Footnote ⁵⁹ should read: ⁵⁹ See also ICI Survey Letter, *supra* note 10, at 9 (recommending that the profile include this information).

(d) Footnote ⁶¹ should read: ⁶¹ The 1996 Profile Letter, *supra* note 9, at 3, permits a fund to disclose that 3 or more persons manage the fund's portfolio, without regard to the percentage of the portfolio managed by any one person.

(7) On page 10949, in the first column:

(a) Footnote ⁶⁴ should read: ⁶⁴ Information about a fund's cash management practices generally would not be disclosed in the section of the profile that discusses the fund's main investment strategies. See Form N-1A Release, *supra* note 1 (prospectus disclosure would focus on a fund's principal strategies, which generally would not include the fund's cash management practices).

(b) Footnote ⁶⁵ should read: ⁶⁵ See 1996 Profile Letter, *supra* note 9, at 3 (permitting a fund to provide disclosure to the effect that 3 or more sub-advisers manage the fund's portfolio without regard to the percentage of the portfolio managed by any one sub-adviser). To further limit the scope of this exception, a sub-adviser solely responsible for managing a fund's cash positions would not be counted in determining whether 3 or more sub-advisers manage the fund's portfolio.

(8) On the same page, in the second column footnote ⁶⁶ should read:

⁶⁶ Proposed rule 498(c)(2)(vi), (vii).

(9) On the same page, in the third column:

(a) "Application to Purchase Shares" should read "4. Application to Purchase Shares".

(b) Footnote ⁶⁹ should read: ⁶⁹ Proposed rule 498(c)(2)(viii). If a fund, as a result of its investment objectives or strategies, expects its distributions primarily to consist of ordinary income (or short-term capital gains that are taxed as ordinary income) or capital gains, the fund would be required to provide disclosure to that effect.

(10) On page 10950, in the first column "Disclosure Safeguards" should read "C. Disclosure Safeguards".

(11) On page 10952, in the first column:

(a) "General Request for Comments" should read "III. General Request for Comments".

(b) Footnote ⁹⁸ should read: ⁹⁸ Proposed rule 498(c)(4).

(12) On the same page, in the third column "Summary of Initial Regulatory Flexibility Analysis" should read "V. Summary of Initial Regulatory Flexibility Analysis".

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SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 230, 239, 270, and 274

[Release Nos. 33-7398; 34-38346; IC 22528; S7-10-97]

RIN 3235-AE46

Registration Form Used by Open-End Management Investment Companies

Correction

In proposed rule document 97-5368 beginning on page 10898, in the issue of Monday, March 10, 1997, make the following corrections:

1. On page 10899, in columns two and three, footnotes 12 and 13, the word "Release)" should read "Release)".

2. On page 10900, in column one, in the fifth paragraph, in the sixth line, "investors" should read "investors".

3. On page 10901, in column one, footnote 25, in the sixth line, "*supra* note." should read "*supra* note 1."

4. On page 10902, in column three, footnote 44, in the fourth line, "*infra* notes-" should read "*infra* notes 109-112".

5. On page 10903, in column one, footnote 47 should read "⁴⁷ If applicable, a fund could indicate that its annual and semi-annual reports are available on its Internet site or by E-mail. In addition, a fund that provides its MDFP in the prospectus or a money market fund (which is not required to prepare a MDFP) would omit the second sentence of this disclosure.

Instruction 3 to proposed Item 2(b)(2) would require a fund to send, as applicable, the annual or semi-annual report within 3 business days of a request. The Commission views prompt delivery of the annual or semi-annual report or SAI to those investors who request it to be imperative to the goal of promoting effective communication about funds. The Commission's Office