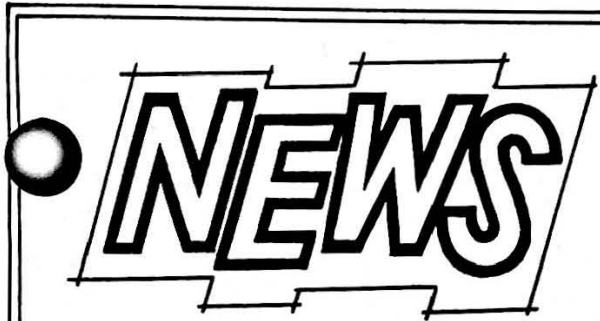




SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

(202) 272-2650



FOR IMMEDIATE RELEASE: Monday, November 29

82-61

COMMISSION TO CONSIDER PROPOSALS ON SHAREHOLDER COMMUNICATIONS, MANAGEMENT TRANSACTIONS AND GOVERNANCE OF MUTUAL FUNDS

The Commission will consider at an open meeting to be held next Thursday two actions as part of the Proxy Review Program. First, whether to propose a number of rule amendments relating to some of the 29 recommendations of the Advisory Committee on Shareholder Communications. Second, the Commission will consider adoption of modifications to the requirements for disclosure of relationships and transactions involving management. In addition, the Commission will consider the issuance of an advance concept release on governance of mutual funds.

The meeting is scheduled to begin at 10:00 a.m. on Thursday, December 2, in the Commission Meeting Room, Room 1C30, at Commission headquarters, 450 Fifth Street, N.W., Washington, D.C. Staff officials will participate in a briefing immediately following the Commission meeting to explain whatever action the Commission takes.

Nominee registration of securities has facilitated transactions in securities, but it has also caused problems in communications between the corporation and its shareholders because the corporation may not always know the true owners of its stock. The Advisory Committee was established by the Commission in recognition of this problem and

submitted its report, Improving Communications Between Issuers and Beneficial Owners of Nominee Held Securities, containing its recommendations, to the Division of Corporation Finance in June of this year.

Several rule amendments would involve an increase in lead time, so that a corporation making an inquiry of a nominee, prior to record date, for the quantity of proxy material or annual report, etc. needed for distribution to the beneficial owners, would give the nominee sufficient advance notice to permit a timely reply. Time limits would also be set for the broker-dealer to reply to the inquiry and for the distribution of material when the material is received from the issuing corporation.

Another rule amendment would require a broker-dealer to provide an issuing corporation, upon request and assurance of reimbursement of reasonable expenses, with the names, addresses and securities positions of consenting owners of securities held of record by the broker-dealer or its nominees.

A further rule amendment would improve recordkeeping requirements on certain exchange members, brokers and dealers with respect to certain accounts to include whether the beneficial owner consents to disclosure of certain information.

In addition, the Commission will consider whether to adopt Item 404 of Regulation S-K, which deals with certain relationships and transactions involving corporate management. If adopted, the item would

combine the Commission's current disclosure requirements relating to transactions involving companies and persons connected with management into one uniform Regulation S-K item. This action would constitute an additional step designed to integrate the disclosure requirements applicable to registration statements, periodic reports and proxy statements. The Commission will consider, among other issues, the appropriate class of relatives of persons connected with management whose transactions with companies will be required to be disclosed.

Furthermore, the Commission will consider whether to issue an advance concept release designed to explore alternatives to the corporate governance mechanisms of the Investment Company Act of 1940. The release would discuss whether it would be consistent with investor protection for the Commission to propose rules or recommend legislation which would enable open-end investment companies (mutual funds) to be organized and operated without shareholder voting or without either shareholder voting or boards of directors.

The release focuses upon suggestions made by industry observers that, in view of the ease with which shareholders may purchase and redeem shares of money market funds (or other funds which do not charge sales loads or redemption fees), mutual funds should be given exemptions from shareholder voting requirements under the Act or the option of converting into internally managed unitary investment funds without either voting shareholders or boards of directors.

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