

August 29, 2008

Via Electronic Mail

Ms. Florence E. Harmon
Acting Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: Enhanced Disclosure and New Prospectus Delivery Options for Registered Open-End Management Investment Companies (Release No. 33-8949; File No. S7-28-07)

Dear Ms. Harmon:

On February 28, 2008, the Securities Industry and Financial Markets Association (“SIFMA”)¹ filed a comment letter which strongly supported an SEC proposal designed to permit mutual fund prospectus delivery requirements to be satisfied by the sending or giving of a short summary prospectus to investors, and providing access to the statutory prospectus on an internet website.²

As reflected in Release No. 33-8949, the SEC has re-opened the comment period on the summary prospectus proposal, principally to allow for public comment on the results of investor focus groups and telephone surveys that it published after the expiration of the earlier comment period. SIFMA appreciates this opportunity for further comment, which is one more example of the inclusive and open process the SEC staff has followed with respect to the summary prospectus proposal.

OVERVIEW

It appears that the general goals of the SEC focus group interviews and telephone surveys were to field test whether the premises on which the summary prospectus proposal are based are correct, and whether information sought to be included in the summary document is that which investors will find the most useful.

¹ SIFMA brings together the shared interests of more than 650 securities firms, banks and asset managers. SIFMA’s mission is to promote policies and practices that work to expand and perfect markets, foster the development of new products and services and create efficiencies for member firms, while preserving and enhancing the public’s trust and confidence in the markets and the industry. SIFMA works to represent its members’ interests locally and globally. It has offices in New York, Washington D.C., and London and its associated firm, the Asia Securities Industry and Financial Markets Association, is based in Hong Kong.

² See letter from Ira D. Hammerman, SIFMA General Counsel to Nancy M. Morris, Secretary, SEC regarding Release No. 33-8861 (February 28, 2008).

While it comes as little surprise that relatively few of the investors who were interviewed consider mutual fund prospectuses to be helpful, it is somewhat startling that the telephone survey results show that nearly two thirds of investors (64%) rarely, or never, read the prospectuses they receive.³ This makes the case for developing a user-friendly, plain language summary prospectus even more compelling. Equally compelling is the need for the SEC to strike the right balance regarding the content and delivery methods for the summary prospectus to increase the feasibility of fund complexes producing, and intermediaries distributing them, without incurring substantial administrative burdens and costs.

DISCUSSION

In individual comment letters, and in a joint letter to the SEC on the summary prospectus proposal,⁴ the Investment Company Institute (“ICI”) and SIFMA each urged the SEC to eliminate the quarterly updating requirement for the top 10 portfolio holdings and performance information from the proposal because the quarterly updating requirement would be a significant disincentive to producing and disseminating summary prospectuses. ICI and SIFMA noted that this information is widely available to investors through websites and other sources. The focus group’s final report⁵ contains narrative commentary by some participants that lends support to the utility of maintaining up-to-date information on the top 10 portfolio holdings and fund performance. However, while this narrative commentary may be helpful for understanding why certain participants hold their particular views, the commentary cannot be extrapolated to show whether these views are widespread, as the focus group report contains no quantitative data. Conversely, the telephone survey, which contains charts, tables, and other quantitative data, reflects that only eight percent of investors review top 10 portfolio holdings in mutual fund prospectuses.⁶ Regardless of how many investors are actually interested in the portfolio holding or performance information, the focus group report notes that “most participants said they would be willing to go to a website for this information.”⁷

SUMMARY AND CONCLUSION

As SIFMA and others have indicated previously, the inclusion of any information in a summary prospectus requiring quarterly updating would engender significant administrative and operational burdens, which would create disincentives to its widespread use. This result would be extremely unfortunate especially given the overall viability of and need for, the summary prospectus, and the importance of assuring that it becomes available to many mutual fund investors. Moreover, creating such an impediment is unnecessary, given that the information in a quarterly update is readily available elsewhere, and those investors who desire it are willing to access it.

³ Abt. SRBI Mandatory Disclosure Documents Telephone Survey, p. 56 (July 30, 2008).

⁴ See Joint ICI/SIFMA letter to Nancy M. Morris, SEC Secretary (February 28, 2008).

⁵ Abt. SRBI, Final Report “Focus Groups on a Summary Mutual Fund Prospectus” (May, 2008)

⁶ Abt. SRBI Mandatory Disclosure Documents Telephone Survey, p. 61

⁷ Abt. SRBI Focus report, p. 11.

We appreciate the opportunity to further comment on the summary prospectus proposal. If you have any questions regarding the content of this letter or related matters, please contact the undersigned at (202) 962-7300.

Sincerely,

Ira D. Hammerman
Senior Managing Director and
General Counsel