

Supervising Attorneys

ADELE BERNHARD
ELIZABETH J. CARROLL
MARGARET M. FLINT
JILL GROSS
VANESSA MERTON

Staff Attorney

BRIDGET CRAWFORD*

**JOHN JAY LEGAL SERVICES, INC.
INVESTOR RIGHTS CLINIC**

PACE UNIVERSITY SCHOOL OF LAW
80 NORTH BROADWAY
WHITE PLAINS, N.Y. 10603

TEL. 914-422-4333
FAX 914-422-4391
WWW.LAW.PACE.EDU

Executive Director

MARGARET M. FLINT

Clinic Administrator

FLORIE FRIEDMAN

Staff

IRIS MERCADO
MARYANN RASULO
ROBERT WALKER
LOUIS MACCARIELLO

*ADMITTED IN NEW JERSEY

February 28, 2008

Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File Number S7-28-07, Enhanced Disclosure and New Prospectus Delivery
Option for Registered Open-End Management Investment Companies

Dear Ms. Morris:

The Investor Rights Clinic at Pace University School of Law, operating through John Jay Legal Services, Inc. ("PIRC"), welcomes the opportunity to comment on the SEC's proposed amendment to the mutual fund registration form and the prospectus delivery rule. PIRC is a law school curricular program in which J.D. students, for academic credit and under close faculty supervision, represent individual investors of modest means in arbitrable securities disputes. Through our representation, we have become aware of general investor sentiment that current mutual fund prospectuses are difficult to read, due to the complexity and overwhelming volume of information, disclosures and disclaimers.

Generally, we support the proposed amendments as they represent an improvement to the current disclosure regime for mutual funds. First, we support the Commission's efforts to improve mutual fund disclosure with an easy-to-understand Summary Prospectus. The proposed Summary Prospectus would provide once-overwhelmed investors with a quick and uncomplicated introduction that would more effectively educate them as to essential characteristics of the fund they are considering buying. This introductory education could ultimately help investors perform more effective independent research.¹ We believe a well-structured Summary Prospectus will encourage a shift from a confused and vulnerable investor to a more informed and therefore involved investor.

Second, we support the proposed means of delivery, particularly the option for investors to access interactive electronic documents and reports or to receive a paper copy in a timely

¹ PIRC emphasizes its support of the Summary Prospectus if it is used to address a sample of factors that investors should analyze before investing. In contrast, we strongly oppose its use as a collection of information that purports to serve as the sole source of information investors need when deciding to invest.

manner. Furthermore, the use of electronic search and document-linkage tools will help to mitigate customer complaints about the accessibility and complexity of the disclosures.

With respect to the Commission's requests for specific comment, PIRC respectfully submits the following responses:

Summary Prospectus Formatting Requirements

PIRC favors establishing a uniform format for the Summary Prospectus. In order to support the purpose of providing investors with an easy way to compare one fund to another, the Commission should require the Summary Prospectus to contain information in the same order, size, and general layout. Investors comparing predominantly similar Summary Prospectuses will have a better ability to compare analogous information and thus better understand the nature and risks of the funds they are comparing.

Limit Summary Prospectus to Required Information

Allowing information not specifically required could have damaging effects. The inclusion of other information would break the uniformity of the Summary Prospectus, thus complicating a fund-to-fund comparison. For example, an investor's analysis could be distracted or influenced if a fund company began using the Summary Prospectus to boast about third-party fund ratings or to reference favorable articles and/or statistics. Limiting the Summary Prospectus to specific requirements will encourage clear, concise, and usable summaries.

Should the Commission decide to allow additional, non-required information, we suggest that it be confined to information that helps to clarify any information that otherwise could be misleading. In addition, we propose that any such additional information be included in an independent section at the end of all required sections, so as not to disrupt the general uniformity of the summary.

Length/Page Limit/Completeness of Proposed Summary Prospectus

PIRC supports the Commission's goal of limiting the Summary Prospectus to three or four pages. However, instead of imposing a rigid page limit, prohibiting the scope of information and imposing formatting requirements may be more effective for funds to provide a concise summary. As for the completeness of the proposed Summary Prospectus, the required information focuses on the key points of comparison for various mutual funds and provides a sufficient foundation for investors to further investigate the characteristics and risks of the fund. Any additions to the required information should only be made if they outweigh the risk of overwhelming investors or diluting the significance of the other information.

Ticker Symbol

Particularly in light of PIRC's concerns that an investor may use the Summary Prospectus as the sole basis for an investment decision, we encourage the Commission to include the mutual fund ticker symbols for each share class illustrated in the summary. By providing

ticker symbols, the Summary Prospectus may encourage investors to further investigate the investment characteristics of the fund.

Proposed Legend

While we agree that the proposed legend adequately directs the investor to the fund's statutory prospectus, we suggest two additional requirements for this legend. First, we believe the legend lacks sufficient indication that the Summary Prospectus may not contain all of the information needed to make an informed investment decision. Due to the easy-to-follow format of the Summary Prospectus, investors may overestimate their knowledge of investment matters and prematurely make investment decisions. In order to avoid this potentially harmful collateral consequence, the legend should include language disclosing that the Summary Prospectus contains only a sample of key information that investors should review in conjunction with further research or professional advice.

Second, we do not believe the legend is sufficiently prominent in both type size and font in the sample Summary Prospectus. Thus, we suggest that the Commission require the Summary Prospectus legend to utilize a type-size larger than twelve and to be printed in boldface, to catch the attention of all investors, including seniors with reduced ability to read small print. Unless investors fully comprehend the abbreviated and incomplete nature of the Summary Prospectus, this rule proposal will create more problems than it solves.

Fees and Expenses of the Fund Section

Generally, PIRC supports the Fees and Expenses section and its location in the proposed Summary Prospectus. It is particularly helpful that the information is organized in a visually-pleasing chart. We encourage the continued use of charts and graphs to illustrate information throughout the Summary Prospectus. However, the content of this section can be improved, as there is some important information that is not given enough weight. Choosing between mutual fund share classes requires an analysis of Contingent Deferred Sales Charges. The only place that an investor can extract the decreasing schedule of CDSC on Class B shares, for example, is by interpretation of the Example section. We suggest that the "Shareholder Fees" chart be improved to illustrate the scheduled load for each year, starting with the load paid on purchase. This change will inform investors about the ramifications of selling their mutual fund shares, thereby helping to assess any liquidity concerns.

PIRC would also like to see more emphasis on an investor's ability to receive breakpoint discounts. These discounts are highly relevant to the information being illustrated in the "Shareholder Fees" and "Example" charts. As the Commission points out, investors are generally unaware of these discounts and often do not take steps such as aggregating family funds, using rights of accumulation, or using a letter of intent. Further announcement or a chart of these discounts should be included in the Summary Prospectus.

As for the terminology used in this section, we support using the "ongoing expenses" clarification. However, in our experience, some unsophisticated investors do not understand the

industry terms “load” and “12b-1.” We suggest replacing those terms with more commonly understood language, such as “fees” and “marketing expenses.”

Top Ten Portfolio Holdings Section

We agree with the Commission that a list of fund holdings can provide an investor with a greater understanding of the investment objective and strategies of a mutual fund. However, we contend that this information should be supplemented with or replaced by disclosures illustrating the fund’s holdings by maturity/duration, credit rating, industry, sector, or asset class. For most mutual funds, the top ten holdings represent only a portion of the fund’s assets. A chart or graph representing the breakdown of the total fund portfolio, in addition to or in place of the top ten holdings, would provide investors an even greater understanding of the fund’s holdings, allowing investors to select the fund or funds most appropriate for their desired asset allocation and risk tolerance.

Prospectus Delivery Obligations

PIRC generally supports the new delivery rule. We agree with the Commission that an investor receiving a Summary Prospectus is far more likely to read through a three to four page Summary Prospectus than a statutory prospectus. The increased readership is likely to increase investors’ awareness about mutual funds, further motivating them to focus on and research the issues that are important to them.

PIRC also supports the online availability of the statutory prospectus and other pertinent documents. However, we are concerned about the lack of protection in place for those investors that either do not have internet access or choose to receive a hard copy. The Commission has proposed a requirement that a fund send an investor a paper copy of various documents within three days of the investor’s request. The “three business day” requirement is reasonable but should not be extended any further. An investor that has reviewed the Summary Prospectus and has further questions should be given the ability to research these concerns while the information is still fresh in the investor’s head. PIRC urges the Commission to keep the three day rule. In addition, the Commission should not distinguish between a rules violation and a Securities Act violation. The failure to comply should be as serious an offense as providing a misleading prospectus, as it would leave the investor with incomplete information -- as if several pages were ripped out of a statutory prospectus.

Greater Prominence

PIRC strongly supports the Commission’s proposed requirement (in section 2(a)(10)) that the fund must deliver the Summary Prospectus unbound and with more prominence than other materials. Allowing other materials to cloak the Summary Prospectus would weaken or even cancel out the precautions taken to provide investors with a uniform, clear and easy-to-understand summary of information.

Online Electronic Document

We support the Commission's use of technology to increase the readability and usability of the various documents. The ability to search for key words or to move back and forth among the various documents and sections within a document are important features that will aid the investor's research process. We urge the Commission to promote this search function in the downloadable electronic version of the documents.

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In sum, PIRC believes the proposed Summary Prospectus is a strong step toward educating investors about individual mutual funds. This proposal will provide individual investors, particularly unsophisticated ones, with new tools to research and compare mutual funds and ultimately make more informed investment decisions. However, we reiterate our concern that the Commission require a more prominent disclaimer at the top of the Summary Prospectus to prevent investors from relying on it as the sole buying guide to mutual funds. Language in the Summary Prospectus warning investors that other sources of information should be consulted in order to make a fully informed investment decision would lessen this risk.

Thank you for providing us with the opportunity to comment on these proposed rule changes. Please do not hesitate to contact us if you have any questions regarding these comments.

Respectfully Submitted,

Jill Gross
Director, PIRC

Jay Yamamoto
Student Intern