

MEMORANDUM

September 2, 2008

TO: File No. S7-28-07
File No. S7-12-08

FROM: Devin Sullivan
Office of Disclosure Regulation
Division of Investment Management

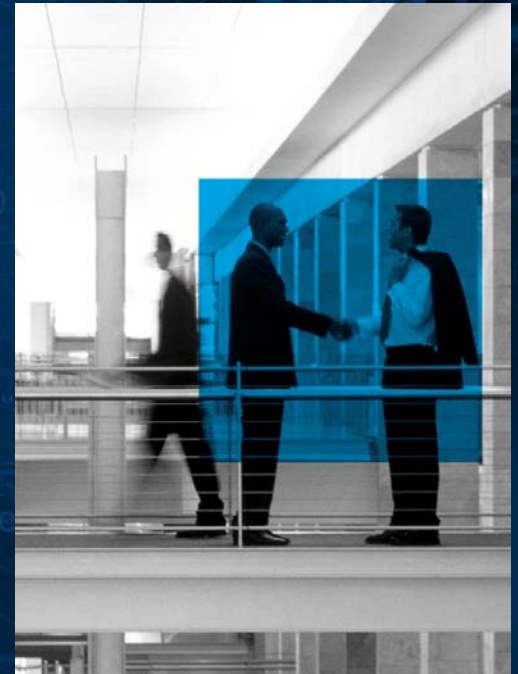
RE: Meeting with Representatives of RR Donnelly & Sons Co. and Prospectus Central, LLC Concerning Disclosure Reform and Interactive Data Proposals

On August 25, 2008, Susan Nash, Associate Director, Mark Uyeda, Assistant Director, and staff attorneys Kieran Brown, Sanjay Lamba, Alberto Zapata, and Devin Sullivan, of the Office of Disclosure Regulation met with Eric J. Johnson and John A. Hagerty of RR Donnelly & Sons Co., Scott H. Spivey of Prospectus Central, LLC, and Judith Hasenauer of Blazzard & Hasenauer, P.C. to discuss the above-referenced proposals. In particular, the representatives of RR Donnelly and Prospectus Central discussed matters related to the feasibility of implementing the two proposals.

A copy of the slide presentation given by representatives of RR Donnelly and Prospectus Central is attached to this memorandum.

XBRL and Summary Prospectus Proposals and How RR Donnelley Can Increase Industry Adoption for the Benefit of Investors

August 26, 2008



“...The foundation of the proposal is the provision to all investors of streamlined and user-friendly information that is key to an investment decision...”

SEC Release 33-8861

Overview

- Brief overview of RR Donnelley and how we develop our solutions
- Investor opinions on forms of disclosure content and role of the intermediary
- Fund company opinions about challenges that will impact adoption of XBRL and Statutory Prospectus Rules
- RR Donnelley's business unit called Global Investment Markets (GIM) and the role GIM can play in driving adoption of these initiatives
- The Optimized Communications approach to Summary Prospectus and Interactive data
- Review of specific capabilities in place or in development
- Impact these solutions could have on investors and on fund companies
- RR Donnelley solution review
 - XBRL
 - Summary Prospectus Process
- Next Steps

RR Donnelley's market position and the role it can play in driving adoption of these initiatives

- RR Donnelley is recognized as a leader in compliance communications for mutual fund and annuity insurance providers
 - Provides solutions including composition, content management, print/bind, fulfillment, e-Delivery, language translation to a wide range of mutual fund companies
- Known for innovation in print and electronic communications technologies
- Founded 1864, ranked 229 in Fortune 500
- Global Investment Markets evolves from a printer to an optimized communications company

What our Customers Want

Over the past 8 years, we have asked “What is the highest value RR Donnelley can provide you?”

- Keep me in compliance
- Help me lower my costs
- Help me deliver cost-efficient decision-making tools to my investors
- Manage more of the communications process, so I can focus on my core business

Optimize - verb - “to make as perfect, effective, or functional as possible...under implied or specified conditions.” *Webster’s Third New International Dictionary*

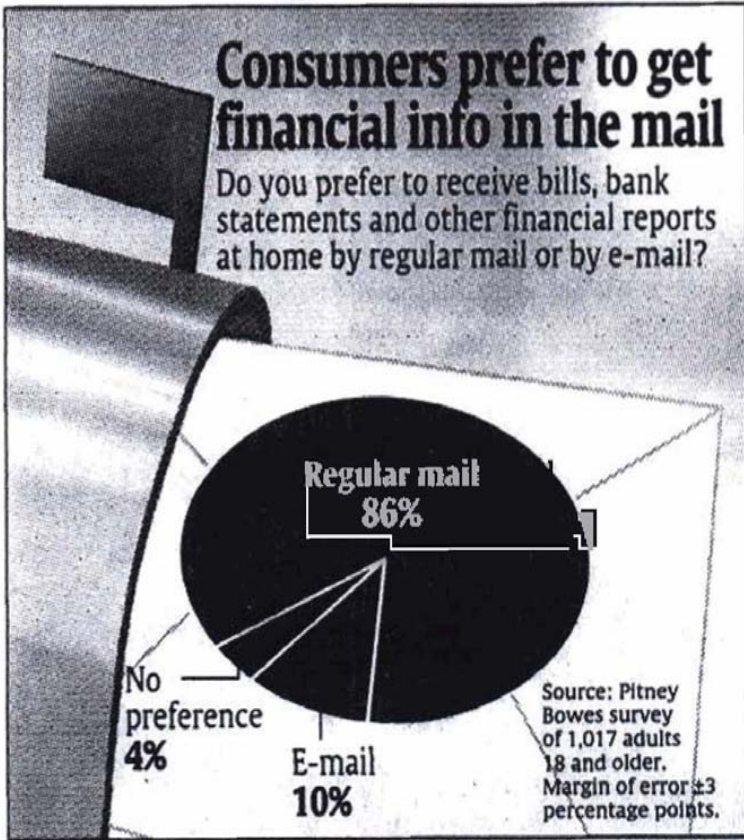


Investors' issues related to XBRL and Summary Prospectus Adoption

USA TODAY Snapshots®

Consumers prefer to get financial info in the mail

Do you prefer to receive bills, bank statements and other financial reports at home by regular mail or by e-mail?



Source: Pitney Bowes survey of 1,017 adults 18 and older. Margin of error ±3 percentage points.

By Jae Yang and Marcy E. Mullins, USA TODAY

- Both print and electronic forms are important to the prospectus delivery process.
 - Pitney Bowes survey (Oct, 2007)- 86% of consumers prefer to get financial info by mail.
 - “Printed statements...receive more attention than their web equivalents.”
 - RR Donnelley’s experience with e-Delivery shows those who prefer it, use it.
 - In 12 mo. 71% of e-mail we delivered was received & accepted, and 92% of these e-mails had all documents opened
- The include financial advisors in any offering
 - Abt SRBI survey showed 48% of respondents cited their financial advisor as the most important source of information on investing.

Fund Company Concerns about XBRL and Summary Prospectus Adoption

- **Industry needs to find solutions that address:**
 1. Complexity- will implementing Summary Prospectus and XBRL distract me from our core business of investing?
 2. Cost- if we can lower cost, will there be offsetting requirements? What is the total cost savings?
 3. Risk- what exposure do I accept due to internal errors or investor dissatisfaction?
 4. Mandated or voluntary- for voluntary, if my competitors offer it and investors like it, we will probably offer it.

- **RR Donnelley as Enabler to add value for our customers**
 1. Reduce complexity by offering a complete end-to-end solution or allow customers to choose portions of the solution they need
 2. Develop technologies and process that reduce costs
 3. Reduce risk by developing systems that operate with 6 Sigma accuracy and provide extensive performance reporting

Optimized Summary Prospectus Platform

Prepare

- ◆ Full Service Composition of Summary and Statutory Prospectuses
- ◆ Self Service Composition of Summary and Statutory Prospectuses
- ◆ XBRL tagging
- ◆ Adding links
- ◆ EDGAR Filing

Produce

- ◆ Offset Print of Summary and Statutory Prospectuses
- ◆ Print on Demand for ongoing fulfillment
- ◆ Produce electronic versions with links
- ◆ e-Delivery Platform development

Deliver

- ◆ Cost effective mailing of print
- ◆ e-Delivery with Consent Management
- ◆ Manage 800 & e-mail requests
- ◆ Traditional Pick/Pack & POD for Ongoing Fulfillment
- ◆ Pre & POS Fulfillment

Analyze/Plan

- ◆ Results Tracking
- ◆ Performance Reporting
- ◆ Content Repurposing
- ◆ Database Management
- ◆ Communication Cycle Planning

Composition with XBRL for Summary Prospectuses

- Full-Service or Self-Service Composition Offerings
- RR Donnelley's experience in content management for structured and unstructured documents
- Our experience composing fund fact sheets enables us to add automation to creating Summary Prospectuses
- Advantages of creating print and electronic versions in the same process
- Creating links between Documents
- Importance of a Uniform Summary Template
- Comparison of options for linking
 - Advantages of PDF and HTML

RR Donnelley is an Early Enabler for XBRL

- RR Donnelley joined the XBRL Consortium in 2001
- In 2002, filed the first ever EDGAR filings containing XBRL documents, for Microsoft
- RR Donnelley filed the first mutual fund filing, Form N-Q for Allegiant Funds, May, 2006
- “RR Donnelley...and EDGAR Online...announced today that they...have successfully transmitted more XBRL filings with the SEC than any other full-service XBRL translation and SEC filing provider.” Business Wire, Sept. 2007
- Leads the industry in submitting 50% of the XBRL filings to the SEC to date.
- Has run client education events on XBRL since 2004.
- Completed XBRL Risk-Return filings for 2 '40 Act companies- AllianceBernstein and Federated
- Developed templates for Risk/Return taxonomy
- Donnelley is the only company to file 2 instance documents in 1 filing
- Donnelley staff are members of the XBRL US Adoption Working Group, the XBRL-US Steering Committee, and NAVA XBRL Committee

The RRD XBRL Solution

- RRD has a comprehensive XBRL solution that addresses the SEC's Interactive Data Initiative for Risk/Return as well as Financials and Portfolio Holdings.
- It is a low cost, automated, full service XBRL solution that requires no new software to be purchased or supported by the fund company, leaving the intricacies of XBRL tagging to RRD.
- The Risk Return Template is created at the company level saving time on the conversion of subsequent Risk/Return Summaries.
- Tagging history of Financial Statements is stored at the company level, making each subsequent tagging easier and tagging time quicker.
- We currently have the ability to generate Inline XBRL documents.
- Client access to the Mutual Fund viewer is scheduled for beta release on the RR Donnelley website the week of September 8, 2008.

The RRD XBRL Solution

The Process

Risk/Return Summary – Portfolio Holdings – Financial Statements

- Companies provide the information they would like to tag in whichever file format works best for their workflow.
- RRD will perform the initial conversion to the Risk/Return Summary template or Excel for Financial Statements and Portfolio Holdings.
- RRD will return the Template or Inline XBRL and an excel mapping report to the company for comment/review.
- For the Risk/Return Summary the tagging is in the background of the template so the company is reviewing “section” or “column” headings not XBRL code.
- The Risk/Return Summary Template is created at the company level saving time on the conversion of subsequent Risk/Return Summaries.
- Tagging history for the Portfolio Holdings is stored at the company level, making each subsequent tagging process easier and the review process time quicker.

The RRD XBRL Solution

The Process – Risk/Return Summary

- Sample Risk/Return Summary template

Header:

Company Name:	MFS FUNDS
Entity:	High Income Fund
Filing Date:	4/30/2008
Anticipated Effective Date:	4/30/2008
Disclaimer:	
CIK Number:	

Series and Series Identifiers:

Series:	Series Identifiers:

Class and Class Identifiers:

Class:	Class Identifiers:

Risk Paragraph:

Paragraph	Topics
<p>As with any mutual fund, you could lose money on your investment in the fund. An investment in the fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.</p> <p>The principal risks of investing in the fund are:</p>	<input type="checkbox"/> Risk Non Diversified Status <input type="checkbox"/> Risk Lose Money <input type="checkbox"/> Risk Money Market Fund <input type="checkbox"/> Risk Not Insured Depository Institution
<p>Sub Paragraph 1</p> <p>Interest Rate Risk: The price of a debt instrument changes in response to interest rate changes. In general, the price of a debt instrument falls when interest rates rise and rises when interest rates fall. Instruments with longer maturities, or that do not pay current interest, are more sensitive to interest rate changes. In addition, short-term and long-term interest rates do not necessarily move in the same direction or by the same amount. An instrument's reaction to interest rate changes depends on the timing of its interest and principal payments and the current interest rate for each of those time periods. Instruments with floating interest rates can be less sensitive to interest rate changes. In response to an interest rate decline, instruments that provide the issuer with the right to call or redeem the instrument prior to maturity may be called or redeemed, resulting in the reinvestment of proceeds in other</p>	<input type="checkbox"/> Risk Non Diversified Status <input type="checkbox"/> Risk Lose Money <input type="checkbox"/> Risk Money Market Fund <input type="checkbox"/> Risk Not Insured Depository Institution

Average Annual Return Footnote:

Mark	Footnote Text	Footnote Topics
#	The Lehman Brothers U.S. High Yield Corporate Bond Index – a market capitalization-weighted index that measures the performance of non-investment grade, fixed rate debt, Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded.	<input type="checkbox"/> Average Annual Return Footnote One Class Of Multiclass Fund <input type="checkbox"/> Average Annual Return Footnote Substantially Similar <input type="checkbox"/> Average Annual Return Footnote For Class Converted After Specified Period <input type="checkbox"/> Average Annual Return Footnote Inception Date Indicates Changed Adviser <input type="checkbox"/> Average Annual Return Footnote Uses Highest Federal Tax Rate <input type="checkbox"/> Average Annual Return Footnote Not Relevant To Tax Deferred <input type="checkbox"/> Average Annual Return Footnote Explanation After Tax Higher <input type="checkbox"/> Average Annual Return Footnote Reason Selected Class Different From Immediately Preceding Period
†	Source: FactSet Research Systems Inc.	<input type="checkbox"/> Average Annual Return Footnote One Class Of Multiclass Fund <input type="checkbox"/> Average Annual Return Footnote Substantially Similar <input type="checkbox"/> Average Annual Return Footnote For Class Converted After Specified Period <input type="checkbox"/> Average Annual Return Footnote Inception Date Indicates Changed Adviser <input type="checkbox"/> Average Annual Return Footnote Uses Highest Federal Tax Rate <input type="checkbox"/> Average Annual Return Footnote Not Relevant To Tax Deferred

The RRD XBRL Solution

The Process – Risk/Return Summary

Shareholder Statements

- » Import and Map Statement
- » View Mapped Statements

Misc.

- » Manage Mapping Hints
- » Manage Custom Labels
- » Manage Fixed Identifiers

Risk Return Statements

- » **Import and Map Statement**
- » View Mapped Statements

Upload Risk/Return Statement

This is where you can upload your Risk/Return statements a Risk/Return Taxonomy.
Your Risk/Return Statements should be in Word 2003 format

Document

File name:

Risk Return Statements

- » Import and Map Statement
- » View Mapped Statements

Misc.

- » Manage Mapping Hints
- » Manage Custom Labels
- » Manage Fixed Identifiers

Risk Return Statements

- » Import and Map Statement
- » View Mapped Statements

Admin

- » Manage Clients

Other

- » Change Password
- » Logout

Risk Return Statements

Harbor_Capital

Below is a pre-Return Taxonomy document for please re-upl the taxonomy

Client: Harbor
Fund/Series:

Line Item Label **Value**

Header:	Harbor Funds
Company Name:	
Header:	Harbor Capital Appreciation Fund
Entity:	
Header:	August 29, 2008

Header

- Introduction
- Objective
- Strategy
- Objective and Strategy
- Risk
- Bar Chart and Performance Table
- Bar Chart Section
- Performance Table Section
- Annual Return
- Money Market Seven Day Yield
- Thirty Day Yield
- Expenses
- Shareholder Fees
- Operating Expenses
- Expense Example

Upload the Risk/Return Summary

Pull down menu allows you to move from one section to another

The RRD XBRL Solution

The Process – Risk/Return Summary

Shareholder Statements

- » Import and Map Statement
- » View Mapped Statements

Misc.

- » Manage Mapping Hints
- » Manage Custom Labels
- » Manage Fixed Identifiers

Risk Return Statements

- » Import and Map Statement
- » View Mapped Statements

Admin

- » Manage Clients

Other

- » Change Password
- » Logout

Risk Return Statement

Harbor_Capital_Appreciation_Fund(Risk_Return)_2007.doc

Below is a preview of the generated mappings to Risk Return Taxonomy. If satisfactory submit the document for conversion or if changes are required, please re-upload the document. A hierarchical view of the taxonomy is provided for reference purposes.

Client: Harbor Funds
Fund/Series: Harbor Capital Appreciation Fund

Document Outline:
Bar Chart and Performance Table

Line Item Label	Value
Bar Chart and Performance Table: Heading:	FUND PERFORMANCE (for the periods ended December 31)
Bar Chart and	The bar chart and table indicate the risks of investing in

User: Paige Ryan (Admin)
Company: RR Donnelley

Presentation Grouping: [View Definitions...](#)

- ▼ Prospectus
 - ▼ Risk Return
 - ▶ Introduction Heading
 - ▶ Introduction Paragraph
 - ▶ Introduction Footnote
 - ▶ Risk Return Heading
 - ▶ Risk Return Footnote
 - ▶ Objective Section
 - ▶ Strategy Section
 - ▶ Objective and Strategy Section
 - ▶ Risk Section
 - ▼ Bar Chart and Performance Table Section
 - ▼ Bar Chart and Performance Table Heading
 - ▶ Heading
 - ▶ Bar Ch
 - ▼ Performance
 - ▶ Paragr
 - ▶ Perform
 - ▶ Perform
 - ▶ Perform
 - ▶ Performance Inception Date Indicates (
 - ▶ Performance Additional Market Index

View Definitions – links back to a taxonomy hierarchy “tree”

By selecting a hyperlink here you can “associate” a tag with a Line Item Label here

The RRD XBRL Solution

The Process - Risk/Return Summary

Mapping Report for a Risk Return

Tag Description	B	C	Make your comments here	f	Text from the Risk/Return
Origin	Mapping Status	Label Mapping/Suggestion(s)	Comments	Definition	2/29/2008
Objective:Heading:	Associated	Heading		None	WHAT IS THE FUND'S INVESTMENT OBJECTIVE? The Fund's investment objective is to provide capital appreciation. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the strategies and policies described in
Objective:Objective Paragraph:Paragraph	Associated	Paragraph		None	WHAT ARE THE FUND'S MAIN INVESTMENT STRATEGIES? The Fund pursues its investment objective by investing primarily in commonstock of domestic companies with large and medium market capitalizations that offer superior growth prospects or of companies whose stock is undervalued. The Fund may also invest in common stocks of foreign issuers (including American Depository Receipts (ADRs)).
Strategy:Heading:	Associated	Heading		None	WHAT ARE THE MAIN RISKS OF INVESTING IN THE FUND? All mutual funds take investment risks. Therefore, it is possible to lose moneyby investing in the Fund. The primary factors that may reduce the Fund'sreturns include: Stock Market Risks. The value of equity securities in the Fund's
Strategy:Strategy Paragraph:Paragraph	Associated	Paragraph		None	
Risk:Heading:	Associated	Heading		None	
Risk:Risk Paragraph:Paragraph	Associated	Paragraph		None	

The RRD XBRL Solution

The Process - Portfolio Holdings and Financial Statements

- Portfolio Holdings and Financial Statements naturally lend themselves more to an Excel format.
- The Excel files are not templates. They have been converted from their original format to Excel, then we have performed some formatting changes to streamline the tagging process.
- Our tagging program pulls out key identifiers to come up with “suggestions” for tagging.
- The colored flags represent the level in which that suggestion exits.
- Once you have completed the tagging for a file, you can view, save and share an Inline XBRL version of that instance document.

The RRD XBRL Solution Now and Beyond 2010

- Continued support of participation in the voluntary program.
- Updates to our Risk/Return templates to accommodate changes that may come with review of the taxonomy and the anticipated adoption of the Summary Prospectus.
- Making it possible for companies post the required XBRL files to their website and provide investors a way to view those XBRL files by linking back to the viewer on the RRD website.
- Plans to integrate into our Shared Content Management platform to allow self-service simultaneous tagging across multiple documents.

Summary Prospectus Production, Print and E-Delivery

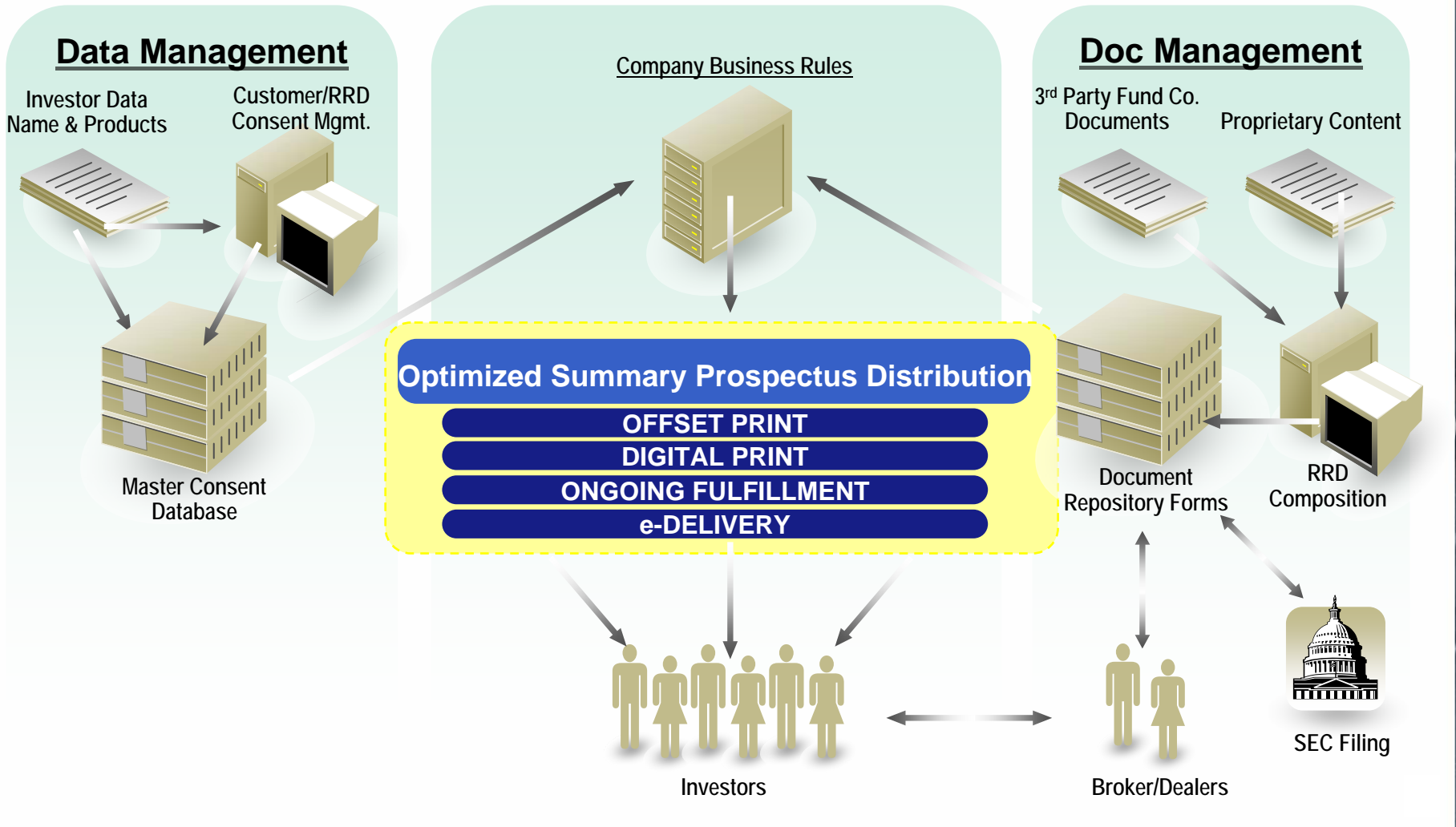
- **Industry need:**

1. Insure accuracy of content and conform with all relevant regulatory requirements for print and electronic delivery
2. Make content delivery seamless between print and electronic form
3. Use technology to optimize cost and minimize complexity of production and distribution

RR Donnelley as Enabler to add value for our customers

1. Our work to insure compliance with all regulations
2. Optimizing print and e-Delivery as managed from 1 database
3. Our continuing work to improve the process

Optimized Communication Workflow for Summary Prospectus



Cost Comparison Print Case Study- 64-Page Statutory vs. 4-Page Summary Pros- 30,000 Copies

64-page Statutory Prospectus

Print 30,000 copies



Print, Stitch, Inkjet
45.2%

+

Mail Sortation
30,000 records
(includes 1 file,
Sortation, address
Correction & dedupe
2%

+

USPS Postage
Standard Auto Flat
\$0.460/Piece
52.8%

100% cost for Statutory

Summary Prospectus

Print, Fold, Inkjet
30,000 copies



Print, Fold, Inkjet
31.2%

+

Mail Sortation
30,000 records
(includes 1 file,
Sortation, address
Correction & dedupe
1.7%

+

USPS Postage
Standard Auto Letter
\$0.241/ Piece
31.7%

64-Page Statutory Prospectus
Ongoing fulfillment of 3,000* copies



Total cost Ongoing fulfillment
35.4%

100% cost for Summary and Statutory plus Fulfillment

Summary represents a 6.3% savings

* SEC assumes 10% of investors will request printed Statutory Prospectus.

Cost Comparison Print Case Study- 64-Page Statutory vs. 4-Page Summary Pros- 100,000 Copies

64-page Statutory Prospectus

Print 100,000 copies



Print, Stitch, Inkjet
42%

+

Mail Sortation
30,000 records
(includes 1 file,
Sortation, address
Correction & dedupe
1.6%

+

USPS Postage
Standard Auto Flat
\$0.460/Piece
56.4%

100% cost for Statutory

Summary Prospectus

Print, Fold, Inkjet
100,000 copies



Print, Fold, Inkjet
15.7%

+

Mail Sortation
30,000 records
(includes 1 file,
Sortation, address
Correction & dedupe
1.4%

+

USPS Postage
Standard Auto Letter
\$0.241/ Piece
38.3%

64-Page Statutory Prospectus

Ongoing fulfillment of 10,000* copies



Total cost Ongoing fulfillment
44.6%

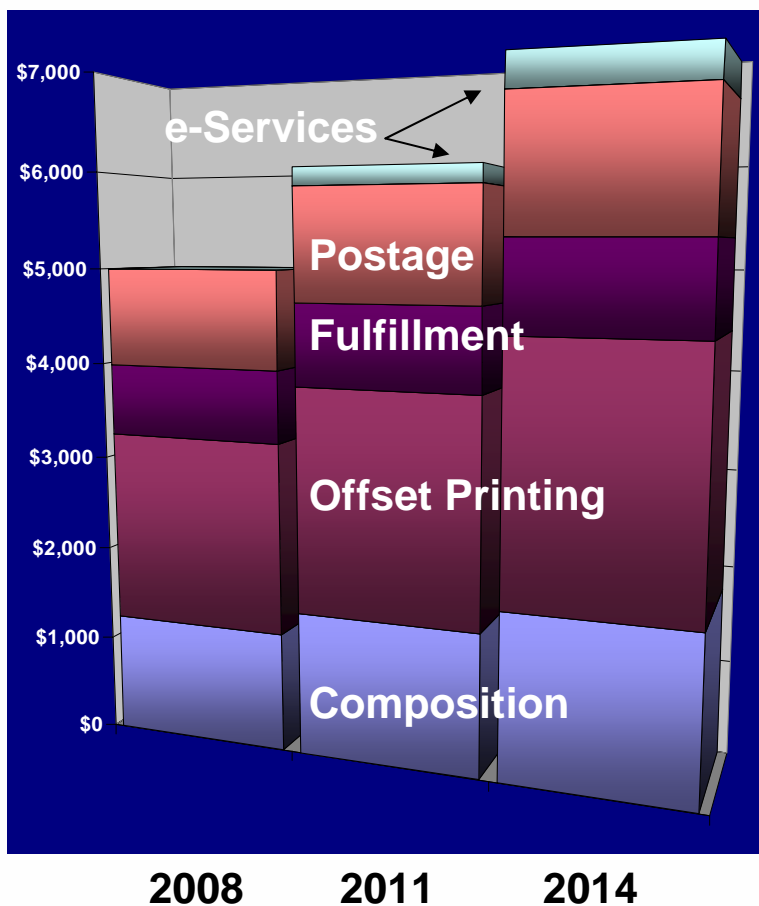
100% cost for Summary and Statutory plus Fulfillment

Summary represents a 22.2% savings

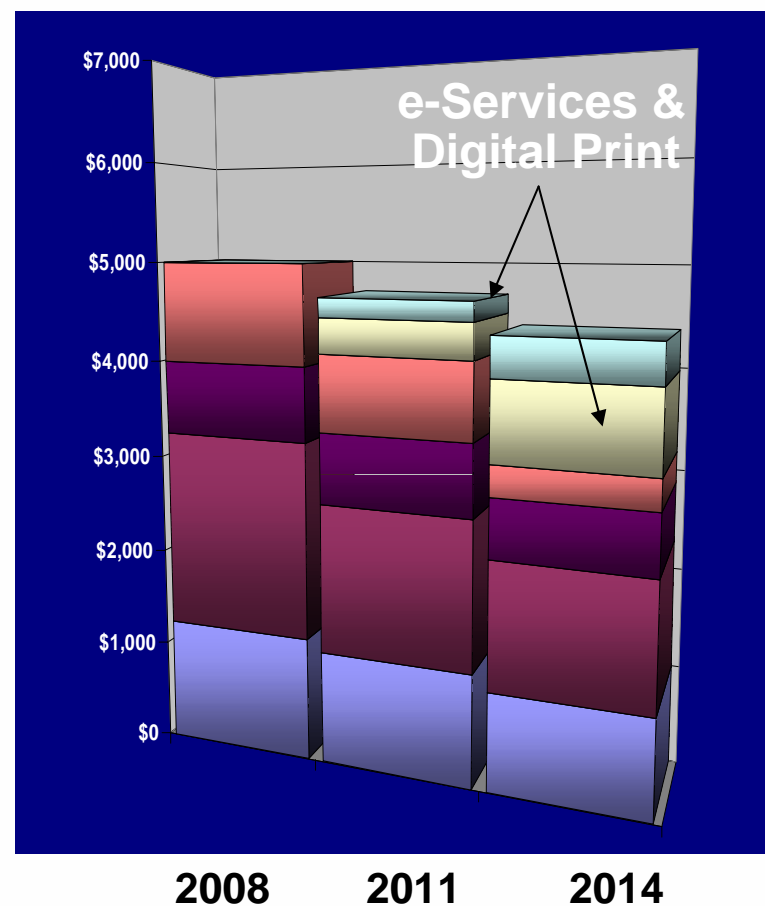
* SEC assumes 10% of investors will request printed Statutory Prospectus.

Analysis of Release 33-8861 and Possible Impact on Compliance Spend

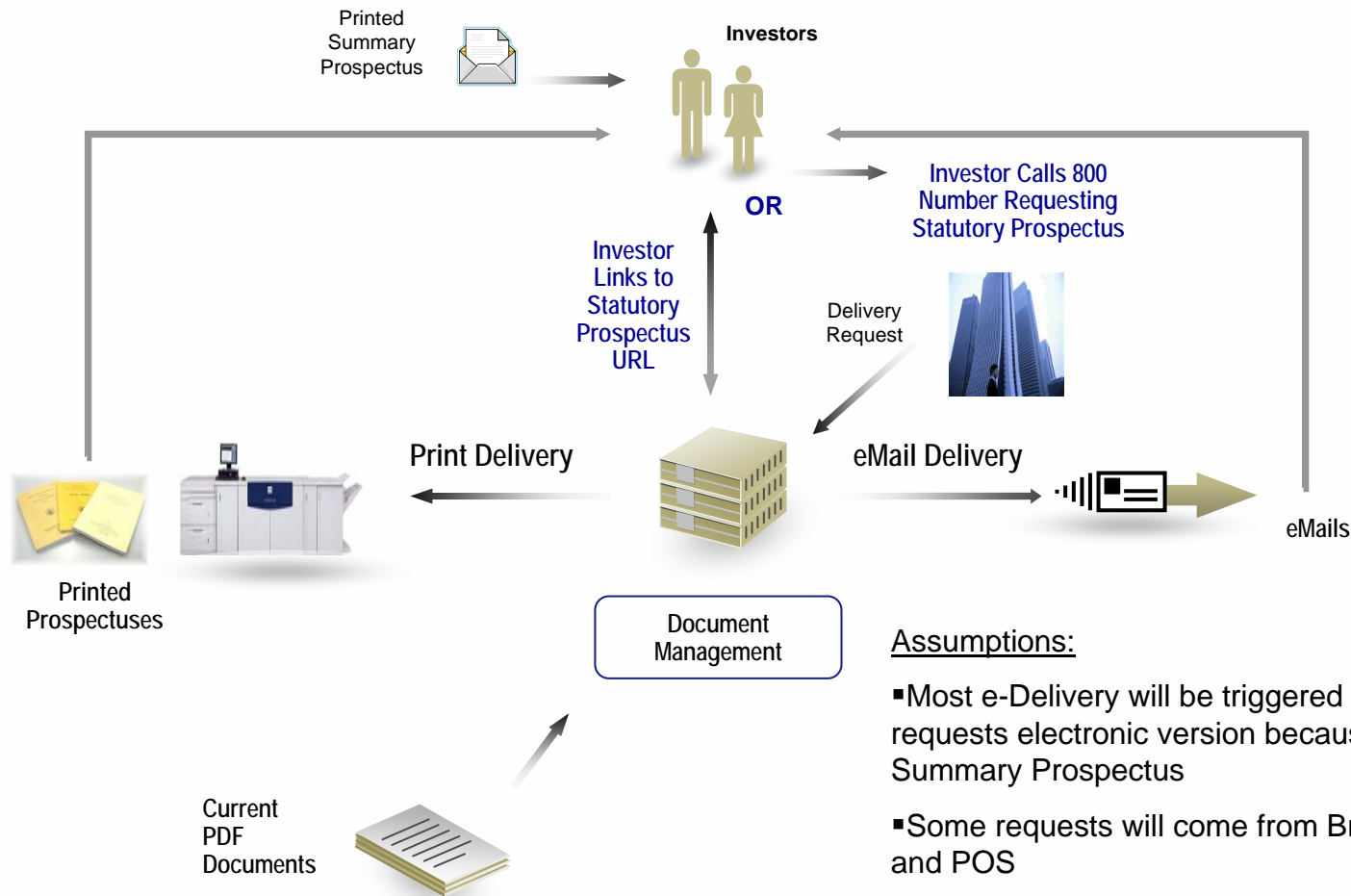
Release 33-8861 -- FAILS



Release 33-8861 -- Passes



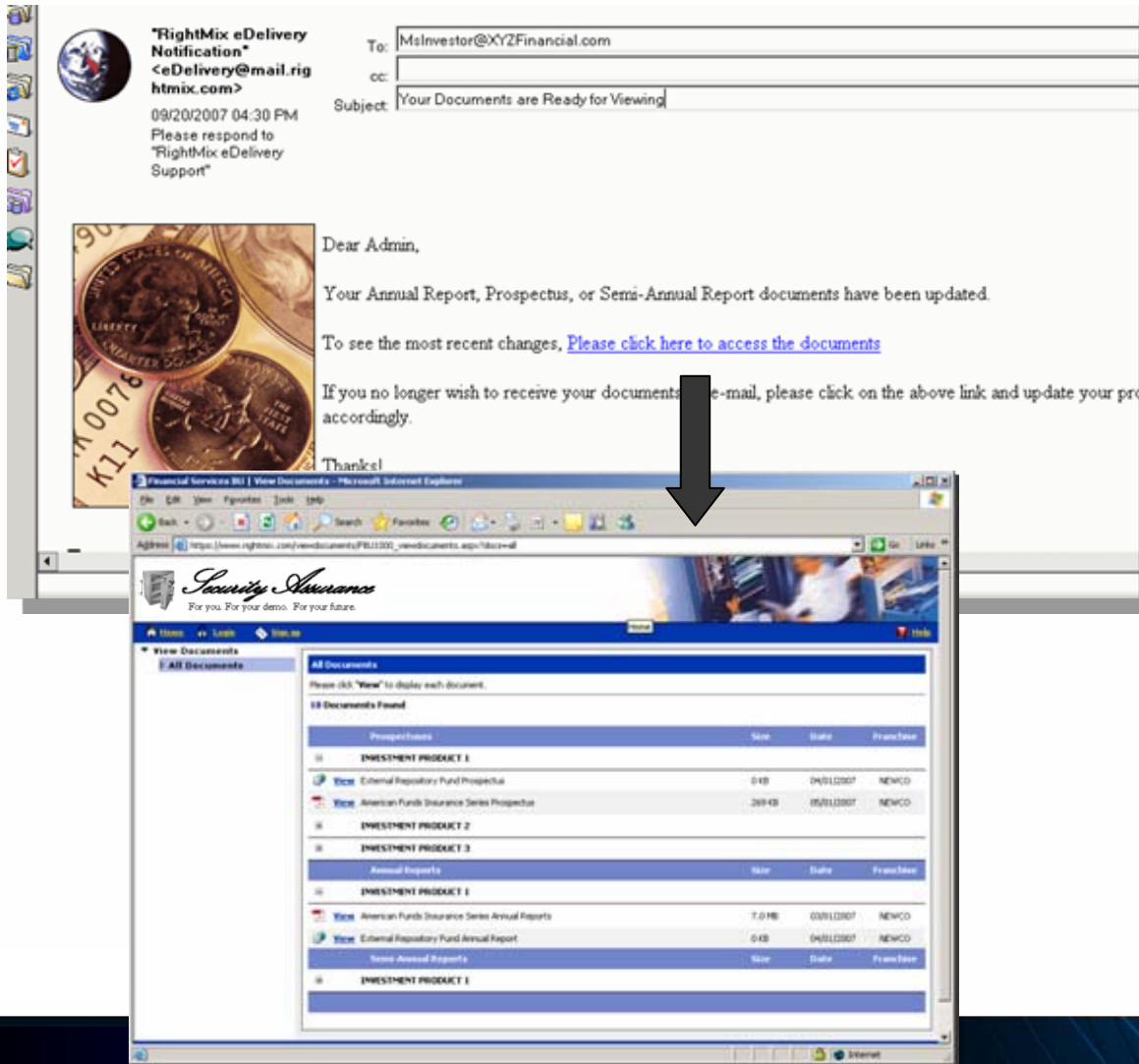
Statutory Print or e-Delivery Flow



Assumptions:

- Most e-Delivery will be triggered by an individual investor who requests electronic version because they received printed Summary Prospectus
- Some requests will come from Broker/Dealers for Pre Sale and POS
- Each e-Delivery prospectus could have its individual URL printed in the Summary Prospectus

The Importance of Consent For Success with Summary Prospectus



The image shows a sequence of events: an email notification, a message body, and a browser window. The email is from 'RightMix eDelivery' to 'MslInvestor@XYZFinancial.com' with the subject 'Your Documents are Ready for Viewing'. The message body says 'Dear Admin, Your Annual Report, Prospectus, or Semi-Annual Report documents have been updated. To see the most recent changes, [Please click here to access the documents](#). If you no longer wish to receive your documents via e-mail, please click on the above link and update your preferences accordingly. Thank!

A large black arrow points from the link in the email to a browser window. The browser window shows a page titled 'View Documents' with a table of documents. The table has columns for 'Document Name', 'Size', 'Date', and 'Format'. The documents listed include 'Investment Product 1', 'Investment Product 2', and 'Investment Product 3' with various prospectuses and annual reports.

- Personalized and branded messaging
- Single, encrypted link takes investor directly to a view of documents related to their individual investments
- Flexible display rules allow for recent/newly updated documents to be viewed first
- Documents available from either customer website or an RRD-hosted repository

Intermediaries Play Key Role in Success of Summary Prospectus

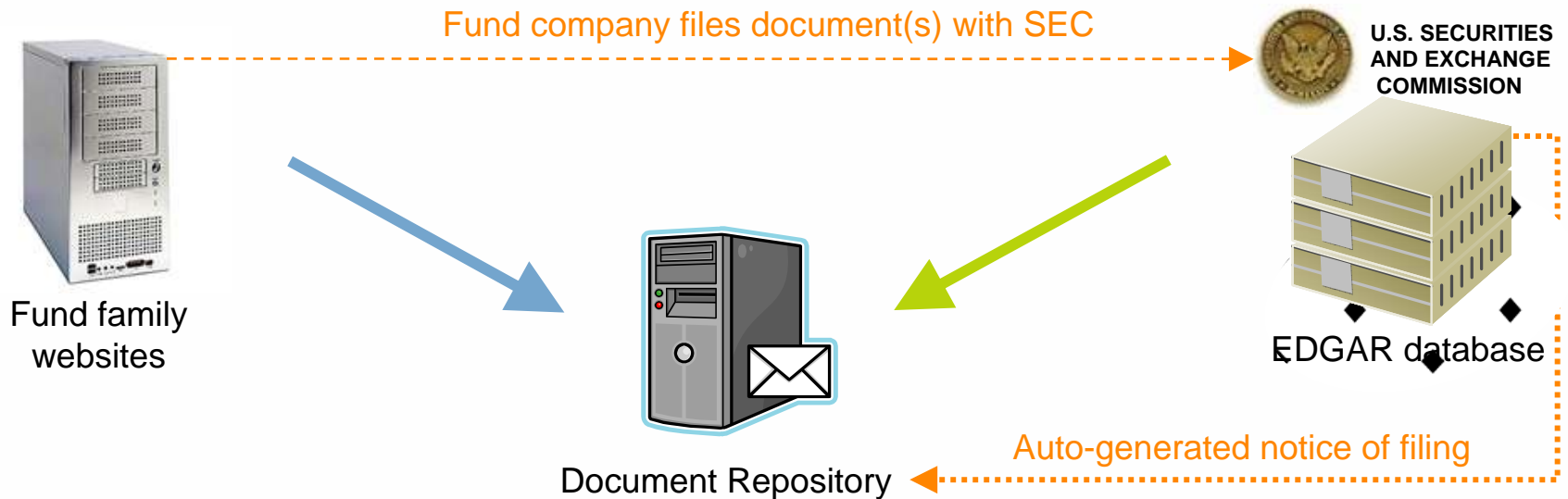
■ Industry need:

- To reinforce adoption of Summary Prospectus, these documents must be used at Pre-Sale and Point-of-Sale in addition to Post Sale
- As funds & annuity companies offer large numbers of outside funds in order to compete, they need access to current prospectuses related to all investment instruments on the market today

■ RR Donnelley's initiative to add value for our customers

- We have developed a repository of prospectuses of approximately 18,000 mutual fund share classes, and key customers are already using it
- We are integrating this repository with our Short Form Prospectus solution
- Broker Dealers will be able to access electronic versions of Short Form Prospectuses and related compliance documents for use at Pre-Sale and Point-Of-Sale

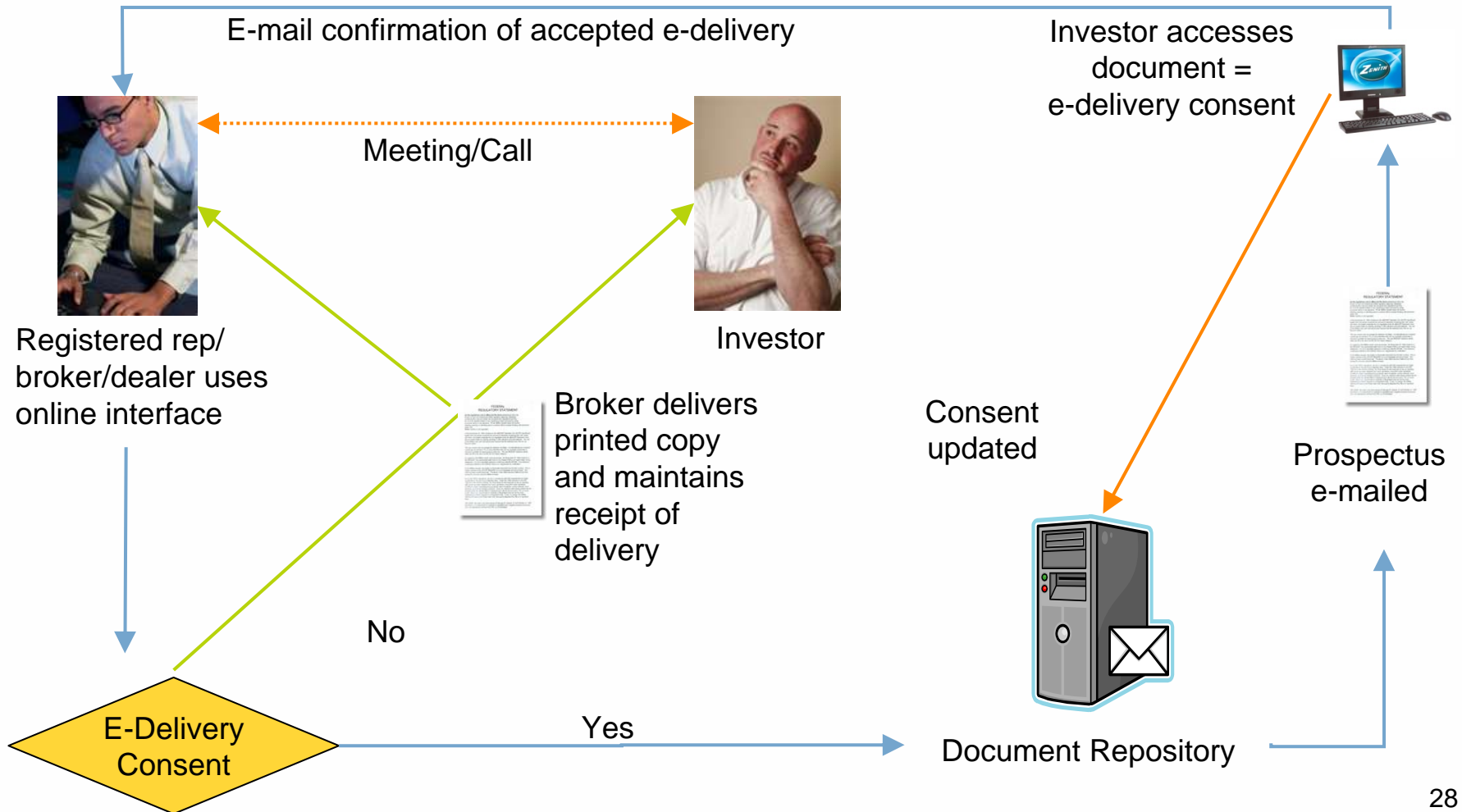
Summary Prospectus Document Repository



SEC Filing Quality Processing

- Determine if filing is applicable
- Verify effectiveness date; create queue to track
- Check site for update
- Create temporary link to EDGAR document when needed
- Log tracks both filing date and the date the updated filing to repository

Broker-Dealer Use of Summary Prospectus





Thank You !