

# Presentation Abstracts

## Legal Challenges and Recommendations to Disclosure Development

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Messrs. Del Raso and Sargent will discuss the history of changes in mutual fund disclosure requirements and the SEC's rationale for such changes. The history of the mutual fund prospectus is indicative of the SEC's attempt to ensure that appropriate disclosures are provided to investors without reducing the usefulness of the prospectus.

Between 1940 and 1978, mutual funds were required to separately register as investment companies under the Investment Company Act of 1940 on Form N-8B-1 and their securities under the Securities Act of 1933 on Form S-5. While the dual registration requirement was burdensome to mutual funds, it also contributed to a less than ideal disclosure document for investors. As new disclosures became necessary, the mutual fund prospectus became more unwieldy, dense, and legalistic because it included information from both Forms. Consequently, the investor was left with a document that was not a useful tool by which to make an informed investment decision. After years of attempted adjustments to ensure appropriate disclosure for investors, the dual registration requirement was abandoned.

Since 1978, mutual funds have registered as investment companies and their securities on an integrated form. It was hoped when the integrated registration was instituted that it would help produce disclosure that would be useful to investors. Attempts were made and continue to be made to make certain that the disclosures provided to investors are proper. These efforts have included the requirement that prospectuses be in plain English, the option for mutual funds to issue fund profiles to investors prior to investment, and efforts to have more fund information available online in an endeavor to make disclosure easier for investors to access and understand.