

SEC Adopts Mutual Fund Summary Prospectus

January 2009

Introduction

The Securities and Exchange Commission (the “SEC”) is adopting¹ an improved mutual fund disclosure framework that was originally proposed in November 2007.² The SEC is adopting amendments to Form N-1A, the form used by mutual funds to register under the Investment Company Act of 1940, as amended (the “1940 Act”), and to offer their securities under the Securities Act of 1933, as amended (the “Securities Act”), with the stated purpose of enhancing disclosure to investors. The amendments require key information to appear in plain English in a standardized order at the front of the mutual fund statutory prospectus.

The SEC also is adopting rule amendments that would permit satisfaction of mutual fund prospectus delivery obligations under Section 5(b)(2) of the Securities Act by sending or giving key information directly to investors in the form of a summary prospectus (“Summary Prospectus”) and providing the statutory prospectus on an Internet Web site.

Upon an investor’s request, mutual funds also are required to send the statutory prospectus to the investor.

The information required in the summary section of the prospectus will be the same as that required in the new Summary Prospectus because, as stated in the Adopting Release, the SEC believes that the key information that is important to an investment decision is the same whether an investor is reviewing the summary section of the statutory prospectus or a short-form disclosure document. The SEC states that its intent is for funds to prepare a concise summary (on the order of three or four pages) that will provide key information.

Finally, the SEC is adopting amendments to Form N-1A relating to exchange-traded funds (“ETFs”) that were proposed in a separate release in March 2008.³ The Adopting Release states that these amendments are intended to result in the disclosure of more useful information to investors who purchase shares of ETFs on national securities exchanges.

Amendments to Form N-1A

General Instructions to Form N-1A

The SEC adopted, substantially as proposed, amendments to the General Instructions to Form N-1A to address the new summary section of the statutory prospectus. The SEC is amending the General Instructions to state that the summary section of the prospectus must be provided in plain English under Rule 421(d) under the Securities Act.⁴ The SEC also is adopting amendments to the organizational requirements of the General Instructions to require the disclosure of summary information in numerical order at the front of the prospectus, not to be preceded with any information other than the cover page or table of contents. While a fund may continue to include information in the prospectus that is not required, a fund may not include any such additional information in the summary section of the prospectus.

In addition, with the exception of some information that is common to multiple funds, the SEC is requiring that the summary section be presented separately for each fund covered by a multiple fund prospectus and that the information for multiple funds not be integrated.⁵ That is, a multiple fund prospectus will be required to present all of the summary information for a particular fund together, followed by all of the summary information for each additional fund. However, the SEC adopted the amendments with changes from those proposed in the Proposing Release to permit integration of the information required by any of new Item 6 (purchase and sale of fund shares), Item 7 (tax information) and Item 8 (financial intermediary compensation) if it is identical for all funds covered in the prospectus. Any integrated information will be required to immediately follow the separate individual fund summaries containing the other non-integrated information. In addition, a statement containing the following information will be

required for each individual fund summary section in the location where the information that is integrated, and presented later, would have appeared:

For important information about [purchase and sale of fund shares,] [tax information,] and [financial intermediary compensation], please turn to [identify section heading and page number of prospectus].

The instructions will permit a fund with multiple share classes, each with its own cost structure, to present the summary information separately for each class, to integrate the information for multiple classes, or to use another presentation that is consistent with disclosing the summary information in a standard order at the beginning of the prospectus. In addition, the SEC is eliminating the provisions of Form N-1A that permit a fund to omit detailed information about purchase and redemption procedures from the prospectus and to provide this information in a separate document that is incorporated into and delivered with the prospectus, as well as a similar provision in the requirements for the statement of additional information (“SAI”). The SEC stated in the Adopting Release that this option is unnecessary in light of the new Summary Prospectus, which could be used, at a fund’s option, along with any additional sales materials, including a document describing purchase and redemption procedures. Finally, in a modification to the original proposal, the SEC is amending the General Instructions to Form N-1A to permit funds that are used as investment options for retirement plans and variable insurance contracts to modify or omit the information required by new summary section Item 6.⁶

Exchange Ticker Symbols

In the Proposing Release, the SEC solicited comment on whether to require or permit a fund to

include its ticker symbol in the summary, or on the front or back cover page of the statutory prospectus or SAI or elsewhere. In response to the comments received, the SEC is adding a requirement that a fund include its exchange ticker symbol on the front cover pages of the statutory prospectus and SAI. Specifically, a fund will be required to disclose the exchange ticker symbol of the fund's shares or, if the prospectus or SAI relates to one or more classes of the fund's shares, adjacent to each such class, the exchange ticker symbol of that class. The Adopting Release states that the SEC believes that requiring disclosure of exchange ticker symbols will make it easier for investors to find information about particular funds and share classes of funds.

Information Required in Summary Section

The SEC is adopting the required content of the summary section substantially as proposed, except the proposed requirement that a fund disclose portfolio holdings.⁷ The summary section of a mutual fund statutory prospectus will consist of the following information in the order listed.⁸

(1) *Investment Objectives/Goals* - The summary section will begin with disclosure of a fund's investment objectives or goals. A fund also will be permitted to identify its type or category (e.g., that it is a money market fund or a balanced fund).

(2) *Fee Table* - The fee table and example disclose the costs of investing and immediately follow the fund's investment objectives. The SEC is adopting several modifications to the current fee table to provide greater prominence and address continuing concerns about investor understanding of mutual fund costs.

- Mutual funds that offer discounts on front-end sales charges for volume purchases (so-called "breakpoint discounts") are required to include a brief narrative disclosure alerting investors to the availability of those discounts. The SEC is modifying its original proposal in

two ways. First, the SEC added to the required narrative a description of where investors can find additional information regarding breakpoint discounts. Specifically, the narrative is required to state that further information is available from the investor's financial professional, as well as identify the section heading and page number of the fund's prospectus and SAI where more information can be found. Second, the SEC clarified the instruction that the dollar level at which investors may qualify for breakpoint discounts that is required to be disclosed is the minimum level of investment required to qualify for a discount as disclosed in the table required by current Item 7(a)(1) of Form N-1A.

- The SEC is revising the parenthetical following the heading "Annual Fund Operating Expenses" in the fee table to read "expenses that you pay each year as a percentage of the value of your investment" in place of "expenses that are deducted from Fund assets."
- Funds other than money market funds are required to disclose the portfolio turnover rate for the most recent fiscal year (as a percentage of the average value of its portfolio) immediately following the fee table example, with a brief explanation of the effect of portfolio turnover on transaction costs and fund performance and the adverse tax consequences that may result from higher portfolio turnover rate when fund shares are held in a taxable account.
- The adopted amendments permit funds to place two additional captions directly below the "Total Annual Fund Operating Expenses" caption in cases where there are expense reimbursement or fee waiver arrangements that will reduce any fund operating expenses for no less than one year from the effective date of the fund's registration statement.⁹ One caption

STROOCK SPECIAL BULLETIN

would show the amount of the expense reimbursement or fee waiver, and a second caption would show the fund's net expenses after subtracting the fee reimbursement or expense waiver from the total fund operating expenses. Funds that disclose these arrangements will be required to disclose the period for which the arrangement is expected to continue, including the expected termination date, and briefly describe who can terminate the arrangement and under what circumstances. The SEC is adding an express requirement that the expected termination date of the arrangement be disclosed.¹⁰

(3) *Investments, Risks, and Performance* - Following the fee table and example, a fund is required to disclose its principal investment strategies and risks. This includes the current bar chart and table illustrating the variability of returns and showing the fund's past performance. Although the SEC did not modify the currently-required bar chart and performance table, the Adopting Release did modify the required accompanying narrative so that a fund that makes updated performance information available on a Web site or at a toll-free (or collect) telephone number will be required to include a statement explaining this and providing the Web site address and/or telephone number.

(4) *Management* - The next item in the summary section is the name of each investment adviser and sub-adviser of the fund, followed by the name, title and length of service of the fund's portfolio managers. Exceptions apply to certain sub-advisory arrangements and portfolio management teams.

(5) *Purchase and Sale of Fund Shares* - The next item in the summary section will disclose the fund's minimum initial or subsequent investment requirements and the fact that the fund's shares are redeemable, and identify the procedures for redeeming shares. Modifications were made from the proposal to address ETFs.

(6) *Tax Information* - If applicable, a mutual fund will be required to state that it intends to make distributions that may be taxed as ordinary income or capital gains or that the fund intends to distribute tax-exempt income. A fund that holds itself out as investing in securities generating tax-exempt income will be required to provide, as applicable, a general statement to the effect that a portion of the distributions may be subject to federal income tax.

(7) *Financial Intermediary Compensation* - The summary section will conclude with the following statement, which could be modified provided that the modified statement contains comparable information:

Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's Web site for more information.

In a change from the original proposal, a fund may omit the financial intermediary disclosure if neither the fund nor any of its related companies pay financial intermediaries for the sale of fund shares or related services.

Exchange-Traded Funds

In March 2008, the SEC proposed several amendments to Form N-1A to accommodate the use of the form by ETFs, most of which are organized and registered as open-end funds. Unlike traditional mutual funds, however, ETFs sell and redeem individual shares ("ETF shares") only in large aggregations called "creation units" to certain

financial institutions. The proposed amendments for ETF prospectuses were designed to meet the needs of investors (including retail investors) who purchase ETF shares in secondary market transactions rather than financial institutions that purchase creation units directly from the ETF.

The SEC is amending Form N-1A to eliminate the requirement that ETF prospectuses disclose information on how to buy and redeem shares directly from the ETF because it is not relevant to investors who are secondary market purchasers of ETF shares. The SEC had proposed to amend Item 6 to require ETF prospectuses to state the number of shares contained in a creation unit (*i.e.*, the aggregate number of shares an ETF will issue or that is necessary to redeem from the ETF), that individual shares can only be bought and sold on the secondary market through a broker-dealer, and that shareholders may pay more than net asset value (“NAV”) when they buy ETF shares and receive less than NAV when they sell shares because shares are bought and sold at current market prices. The SEC also proposed to amend the fee table disclosure in Item 3 to exclude fees and expenses for purchases or redemptions of creation units and instead to modify the narrative explanation preceding the example in the fee table to state that investors in ETF shares may pay brokerage commissions that are not reflected in the example. The SEC is adopting these amendments largely as proposed, with minor changes to conform to the final amendments to the summary section. ETFs still will be required to include disclosure in the SAI on how creation units are offered to the public.¹¹

The SEC is adopting amendments to Form N-1A to require each ETF to disclose to investors information about the extent and frequency with which market prices of fund shares have tracked the fund’s NAV. Each ETF will be required to disclose in its prospectus the number of trading days during

the most recently completed calendar year and quarters since that year on which the market price of the ETF shares was greater than the fund’s NAV and the number of days it was less than the fund’s NAV.¹² An ETF may omit this disclosure in the prospectus if the fund provides the information on its Internet Web site and discloses in the prospectus an Internet address where investors can locate the information. Because ETFs may choose to provide this disclosure on their Web sites instead of in their prospectuses, the SEC has added a requirement that the prospectus disclose that ETF shares may trade at a premium or discount. The SEC did not adopt its proposal to require ETFs to disclose market price returns in addition to returns based on NAV.

New Delivery Option for Mutual Funds

Use of Summary Prospectus and Satisfaction of Statutory Prospectus Delivery Requirements

The SEC is adopting, with modifications, the proposal to replace Rule 498 under the Securities Act, the current voluntary profile rule, with a new version of Rule 498 that permits a fund to satisfy its obligation under the Securities Act to deliver a statutory prospectus with respect to mutual fund securities by sending or giving a Summary Prospectus and providing the statutory prospectus online. In addition, the new rule will require a fund to send the statutory prospectus in paper or by e-mail upon request. The Summary Prospectus is required to contain the key information that is included in the new summary section of the statutory prospectus in the same order that would be required in the statutory prospectus.

The new rule provides that any obligation under Section 5(b)(2) of the Securities Act to have a statutory prospectus precede or accompany the carrying or delivery of a mutual fund security in an offering registered on Form N-1A is satisfied if:

STROOCK SPECIAL BULLETIN

- a Summary Prospectus is sent or given no later than the time of the carrying or delivery of the fund security;
- the Summary Prospectus is not bound together with any materials, except as described below;
- the Summary Prospectus that is sent or given satisfies the rule's requirements at the time of the carrying or delivery of the fund security; and
- the conditions set forth in the rule, which require a fund to provide the Summary Prospectus, statutory prospectus and other information on the Internet in the manner specified in the rule, are satisfied.

The new rule also provides that a communication relating to an offering registered on Form N-1A that is sent or given after the effective date of a mutual fund's registration statement (other than a prospectus permitted or required under Section 10 of the Securities Act) shall not be deemed a prospectus under Section 2(a)(10) of the Securities Act if:

- it is proved that prior to or at the same time with the communication, a Summary Prospectus was sent or given to the person to whom the communication was made;
- the Summary Prospectus is not bound with any materials, except as described below;
- the Summary Prospectus that was sent or given satisfies the rule's requirements at the time of the communication; and
- the conditions set forth in the rule, which require a fund to provide the Summary Prospectus, statutory prospectus and other information on the Internet in the manner specified in the rule, are satisfied.

Under the new rule, communications that are preceded or accompanied by a Summary Prospectus

are not deemed to be prospectuses and are not subject to Section 12(a)(2) of the Securities Act if all the conditions of the rule are met. These communications remain subject to the general antifraud provisions of the federal securities laws.

In the Adopting Release, the proposed condition for reliance on Rule 498 – that the Summary Prospectus be given “greater prominence” than any accompanying materials – has now been made a requirement of the Rule.¹³ The SEC also modified this requirement to clarify that a Summary Prospectus need not be given “greater prominence” than other Summary Prospectuses or statutory prospectuses that accompany the Summary Prospectus. The SEC also stated in the Adopting Release that, generally, the “greater prominence” requirement will be satisfied if the placement of the Summary Prospectus is more prominent than accompanying materials (*e.g.*, the Summary Prospectus is on top of a group of paper documents that are provided together).

The SEC is adopting the condition that prohibits a Summary Prospectus from being bound together with any other materials to prevent the Summary Prospectus from being obscured by accompanying sales and other materials and to highlight for investors the concise, balanced presentation of the Summary Prospectus. The SEC, however, is permitting binding the statutory prospectus of a variable insurance contract with the Summary Prospectuses and statutory prospectuses of its underlying funds. This will permit satisfaction of prospectus delivery requirements for both a variable insurance contract and its underlying funds in one consolidated package and does not involve any risk of the prospectuses being obscured by sales or other materials. Specifically, under Rule 498, a Summary Prospectus for a fund that is available as an investment option in a variable annuity or variable life insurance contract may be bound together with the statutory prospectus for the contract and Summary Prospectuses and

statutory prospectuses for other investments options available in the contract, provided that:

- all of the funds to which the Summary Prospectuses and statutory prospectuses that are bound together relate are available to the person to whom such documents are sent or given; and
- a table of contents identifying each Summary Prospectus and statutory prospectus that is bound together, and the page number on which it is found, is included at the beginning or immediately following a cover page of the bound materials.

Content of Summary Prospectus

Rule 498 sets forth the content requirements that a Summary Prospectus must satisfy. A Summary Prospectus meeting the requirements of the rule will be deemed to be a prospectus that is authorized under Section 10(b) of the Securities Act and Section 24(g) of the 1940 Act for the purposes of Section 5(b)(1) of the Securities Act. A Summary Prospectus meeting these content requirements could be used to offer securities of the fund pursuant to Section 5(b)(1) even if the other conditions of the rule were not satisfied. The failure to satisfy these other conditions will, however, preclude the use of the Summary Prospectus for the other purposes described in Rule 498, including for purposes of satisfying, in part, a fund's obligations under Section 5(b)(2) to deliver a statutory prospectus. In these circumstances, unless the Section 5(b)(2) obligation to deliver a fund's statutory prospectus is met by means other than the new rule, a Section 5(b)(2) violation will result.

The SEC is adopting the requirement that the Summary Prospectus include the same information as the summary section of the statutory prospectus in the same order as would be required in the

statutory prospectus. The SEC also is adopting a new requirement to clarify that if a fund relies on Rule 498 to meet its statutory prospectus delivery obligations, the information contained in the Summary Prospectus must be the same as the information contained in the summary section of the fund's statutory prospectus, except as expressly permitted by Rule 498. That is, a fund may not provide different information (*e.g.* information that is more or less expansive) in its Summary Prospectus than it provides in its statutory prospectus. If, pursuant to Rule 497, a mutual fund files a "sticker" to its statutory prospectus that changes any information in the summary section, the Summary Prospectus should either be "stickered" or amended to reflect the information in the statutory prospectus "sticker."

The Summary Prospectus will not be permitted to omit any of the required information or to include additional information except as described below. A document that omits information required in a Summary Prospectus or includes additional information not permitted by the rule will not be a Summary Prospectus under the rule and may not be used under the rule for any purpose, including meeting the obligation to deliver a fund's statutory prospectus. Similar to the summary section of the statutory prospectus, a Summary Prospectus is permitted to describe only one fund, but may describe multiple classes of a single fund.

The cover page or the beginning of the Summary Prospectus is required to include:

- the fund's name and the share classes to which the Summary Prospectus relates;
- the exchange ticker symbol of the fund's securities or, if the Summary Prospectus relates to one or more classes of the fund's securities, adjacent to each such class, the exchange ticker symbol of such class of the fund's securities;

STROOCK SPECIAL BULLETIN

- a statement identifying the document as a “Summary Prospectus”;
- the approximate date of the Summary Prospectus’ first use; and
- the following legend:

Before you invest, you may want to review the Fund’s prospectus, which contains more information about the Fund and its risks. You can find the Fund’s prospectus and other information about the Fund online at [_____]. You can also get this information at no cost by calling [_____] or by sending an e-mail request to [_____].

Updating Requirements

The SEC is not adopting the proposed requirement that performance information in the Summary Prospectus be updated quarterly and related provisions of the proposed rule. The SEC stated that it does not want such a requirement to confuse investors and discourage funds from using the Summary Prospectus. As adopted, the rule will require a fund that makes updated performance information available on a Web site or at a toll-free (or collect) telephone number to include a statement explaining this and providing the Web site address and/or telephone number. This approach will eliminate any potential investor confusion that could arise as a result of a fund’s Summary Prospectus containing more updated information than the fund’s statutory prospectus.

Provision of Statutory Prospectus, SAI and Shareholder Reports

In addition to sending or giving a Summary Prospectus, a person relying on Rule 498 to meet its statutory prospectus delivery obligations must provide the statutory prospectus on the Internet, together with other information, in the manner

specified by the rule. Under the rule, the fund’s current Summary Prospectus, statutory prospectus, SAI and most recent annual and semi-annual reports to shareholders are required to be accessible, free of charge, at the Web site address specified on the cover page or at the beginning of the Summary Prospectus. These documents would be required to be accessible on or before the time that the Summary Prospectus is sent or given, and current versions of the documents are required to remain on the Web site until at least 90 days after:

- in the case of reliance on the rule to satisfy the obligation to have a statutory prospectus precede or accompany the carrying or delivery of a mutual fund security, the date that the mutual fund security is carried or delivered; or
- in the case of reliance on the rule to deem a communication with respect to a mutual fund security not to be a prospectus under Section 2(a)(10) of the Securities Act, the date that the communication is sent or given.

The SEC requires the information on the Internet be presented in a format that:

- is human-readable and capable of being printed on paper in human-readable format;
- is convenient for both reading online and printing on paper;
- permits persons accessing the statutory prospectus or SAI to move directly back and forth between each section heading in a table of contents of the document, which may be outside the document, and the section of the document referenced in that section heading; and
- permits persons accessing the Summary Prospectus to move directly back and forth between either (i) each section of the

STROOCK SPECIAL BULLETIN

Summary Prospectus and any section of the statutory prospectus and SAI that provides additional detail concerning that section of the Summary Prospectus; or (ii) links located at both the beginning and end of the Summary Prospectus, or that remain continuously visible to persons accessing the Summary Prospectus, and tables of contents of both the statutory prospectus and SAI that meet the linking requirements described in the preceding section.

Persons accessing the Web site must be able to permanently retain, through downloading or otherwise, free of charge, an electronic version of the Summary Prospectus, statutory prospectus, SAI and shareholder reports in a format that, like the online version, (i) is human-readable and capable of being printed on paper in human-readable format; and (ii) permits persons accessing the downloaded statutory prospectus or SAI to move directly back and forth between each section heading in a table of contents of that document and the section of the document referenced in that section heading. The permanently retained document is not required to be in a format that allows an investor to move back and forth between the Summary Prospectus and the statutory prospectus and SAI because of technical difficulties associated with maintaining links between multiple downloaded documents.

The SEC is adopting, as proposed, a safe harbor provision stating that the conditions regarding Internet availability of a fund's Summary Prospectus, statutory prospectus, SAI and shareholder reports will be deemed to be met, notwithstanding the fact that those materials are not available for a time in the manner required, provided that the fund has reasonable procedures in place to ensure that those materials are available in the required manner. In addition,

a fund is required to take prompt action to ensure that those materials become available in the manner required, as soon as practicable following the earlier of the time at which the fund knows or reasonably should have known that the documents are not available in the manner required. The safe harbor, by its terms, is expressly applicable to the format, linking and permanent retention conditions of the rule, in addition to the conditions requiring that the documents be available online.

In addition, the SEC is adopting the proposed requirement that a fund (or financial intermediary through which shares of the fund may be purchased or sold) send, at no cost to the requestor and by U.S. first class mail or other reasonably prompt means, a paper copy of the fund's statutory prospectus, SAI and most recent annual and semi-annual shareholder report to the requestor within three business days after receiving a request for a paper copy. A fund (or financial intermediary through which shares of the fund may be purchased or sold) also must send, at no cost to the requestor and by e-mail, an electronic copy of the fund's statutory prospectus, SAI and most recent annual and semi-annual shareholder report to the requestor within three business days after receiving a request for an electronic copy.¹⁴

Incorporation by Reference

As adopted, Rule 498 permits a fund to incorporate by reference into the Summary Prospectus information contained in its statutory prospectus, SAI and shareholder reports. The rule permits a fund to incorporate by reference any information from the fund's reports to shareholders that the fund has incorporated by reference into its statutory prospectus. A fund may not incorporate by reference into the Summary Prospectus information from any other source. In addition, a fund may not incorporate by reference into the Summary Prospectus any of the information

described above that is required to be included in the Summary Prospectus. Information may be incorporated by reference into the Summary Prospectus only by reference to the specific document that contains the information, and not by reference to another document that incorporates the information by reference. Thus, if a fund's statutory prospectus incorporates the fund's SAI by reference, the fund's Summary Prospectus could not incorporate information in the SAI simply by referencing the statutory prospectus, but would be required to reference the SAI directly.

In addition, if a fund incorporates information by reference, the Summary Prospectus legend must specify the type of document (*e.g.*, statutory prospectus) from which the information is incorporated and the date of the document. If a fund incorporates by reference a part of a document, the Summary Prospectus legend must clearly identify the part by page, paragraph, caption or otherwise. The legend also is required to explain that any information that is incorporated from the SAI or shareholder reports may be obtained, free of charge, in the same manner as the statutory prospectus.

The SEC is adopting, as proposed, the provision of Rule 498 stating that, for purposes of Rule 159 under the Securities Act, information is conveyed to a person not later than the time that a Summary Prospectus is received by the person if the information is incorporated by reference into the Summary Prospectus in accordance with Rule 498. This provision addresses the question of when information that is incorporated into the Summary Prospectus under Rule 498 is conveyed for purposes of Sections 12(a)(2) and 17(a)(2) of the Securities Act.¹⁵

Filing Requirements for the Summary Prospectus

The SEC is requiring each Summary Prospectus to be filed on EDGAR no later than the date that it

is first used, rather than, as proposed, the fifth business day after the date that it is first used. A Summary Prospectus that is filed on EDGAR will be publicly available, although a fund may not rely on this availability to satisfy requirements for online posting as discussed above.

Section 10(b) of the Securities Act provides that a prospectus permitted under that section shall, unless provided otherwise by SEC rule, be filed as part of the registration statement but shall not be deemed part of the registration statement for the purposes of Section 11 of the Securities Act. In accordance with Section 10(b), a Summary Prospectus will be filed as part of the registration statement, but will not be deemed a part of the registration statement for purposes of Section 11 of the Securities Act. However, all of the information in the Summary Prospectus will be subject to liability under Section 11, either because the information is the same as information contained in the statutory prospectus or because the information is incorporated by reference from the registration statement.

The SEC notes in the Adopting Release that a Summary Prospectus is subject to the stop order and other administrative provisions of Section 8 of the Securities Act. This is in addition to the SEC's power under Section 10(b) of the Securities Act to prevent or suspend the use of the Summary Prospectus, regardless of whether or not it has been filed.

Compliance Date

As discussed in the Proposing Release, the SEC is providing for a transition period after the effective date of the amendments to Form N-1A that gives funds sufficient time to update their prospectuses or to prepare new registration statements under the revised Form N-1A requirements. The effective date of the amendments is March 31, 2009.

STROOCK SPECIAL BULLETIN

All initial registration statements on Form N-1A, and all post-effective amendments that are annual updates to effective registration statements on this form, filed on or after January 1, 2010, must comply with the amendments to Form N-1A. All post-effective amendments that add a new series, filed on or after January 1, 2010, must comply with the amendments with respect to the new series. The final compliance date for filing amendments to effective registration statements to comply with the new Form N-1A requirements is January 1, 2011. A fund may, at its option, prepare documents in accordance with the requirements of Form N-1A, as amended, at any time after the effective date of the amendments. A person may not rely on rule 498 to satisfy its obligations to deliver a mutual fund's statutory prospectus unless the fund is also in compliance with the amendments to Form N-1A.

Post-effective amendments to existing registration statements filed to comply with the amendments to Form N-1A should be filed under Securities Act Rule 485(a). However, in appropriate circumstances, the SEC will consider requests by existing funds to file these post-effective amendments pursuant to Rule 485(b)(1)(vii). Appropriate circumstances may include, for example, situations where a fund complex has previously filed under Rule 485(a) post-effective amendments for a number of funds that implement the new requirements, and the SEC determines not to review additional such filings by the fund complex in light of its experience with the previously filed amendments.

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1. Enhanced Disclosure and New Prospectus Delivery Option for Registered Open-End Management Investment Companies, Rel. No. IC-28584 (Jan. 13, 2009) (the "Adopting Release").
2. Enhanced Disclosure and New Prospectus Delivery Option for Registered Open-End Management Investment Companies, Rel. No. IC-28064 (Nov. 30, 2007) (the "Proposing Release").
3. Exchange-Traded Funds, Rel. No. IC-28193 (Mar. 11, 2008).
4. Rule 421(d) under the Securities Act requires an issuer to use plain English principles in the organization, language and design of the front and back cover pages, the summary and the risk factors sections of its prospectus.
5. The SEC stated in the Adopting Release that the requirement is intended to assist investors in finding

STROOCK SPECIAL BULLETIN

- important information regarding the particular fund in which they are interested. The SEC stated that multiple fund prospectuses contribute substantially to prospectus length and complexity, which act as barriers to understanding.
6. The SEC notes in the Adopting Release that Item 7 of the summary section, which requires tax information that may not be relevant in the context of retirement plans and variable insurance contracts, expressly states that the disclosures are only required to be made as applicable.
 7. The SEC determined not to require the summary section to include a list of the fund's 10 largest holdings. As proposed, the top 10 holdings list would have been updated in the statutory prospectus on an annual basis and in the Summary Prospectus on a quarterly basis.
 8. As mentioned above and discussed below, these items also form the content of the Summary Prospectus.
 9. Currently, Form N-1A permits only disclosure of gross expenses, although many funds disclose contractual waivers in the table pursuant to an SEC staff no-action letter to the Investment Company Institute (pub. avail. Oct. 2, 1998).
 10. A fund may not include the additional captions if the expense reimbursement or fee waiver arrangement may be terminated without agreement of the fund's board of directors (*e.g.*, unilaterally by the fund's investment adviser) during the one-year period. If a fee waiver or expense reimbursement arrangement, in fact, terminates less than a year after the effective date of a fund's registration statement, the fund generally would be required to supplement or "sticker" its prospectus to reflect the termination.
 11. These alternative disclosures in Items 6 and 3 of Form N-1A will not be available to ETFs with creation units of less than 25,000 shares. Any ETF that sells and redeems its shares in creation units of 25,000 or less must include in its prospectus information on how to purchase and redeem creation units and the costs associated with those transactions. Although only certain financial institutions purchase and redeem creation units directly from an ETF, individual or retail investors may be more likely to transact in creation units through one of these financial institutions if the creation unit size is less than 25,000 shares.
 12. Similar disclosure is required in an ETF's annual report.
 13. A person that complies with the conditions to the rule will not violate Section 5(b)(2) if the "greater prominence" standard is not satisfied. This failure will, however, constitute a violation of the SEC's rules.
 14. The requirement to send an electronic copy of a document by e-mail may be satisfied by sending a direct link to the document on the Internet, provided that a current version of the document is directly accessible through the link from the time that the e-mail is sent through the date that is six months after the date that the e-mail is sent and the e-mail explains how long the link will remain useable and that, if the recipient desires to retain a copy of the document, he or she should access and save the document.
 15. The SEC stated in the Adopting Release that it interprets Section 12(a)(2) and Section 17(a)(2) to mean that, for purposes of assessing whether at the time of sale (including a contract of sale) a prospectus or oral communication or statement includes or represents a material misstatement or omits to state a material fact necessary in order to make the prospectus, oral communication, or statement, in light of the circumstances under which it was made, not misleading, information conveyed to the investors only after the time of sale (including a contract of sale) should not be taken into account. The SEC stated that it adopted Rule 159 under Sections 12(a)(2) and 17(a)(2) in furtherance of this interpretation. Consistent with the SEC's interpretation, Rule 159 provides that, for purposes of Section 12(a)(2) and 17(a)(2) only, and without affecting any other rights under those sections, for purposes of determining at the time of sale (including the time of the contract of sale) whether a prospectus, oral statement, or a statement includes an untrue statement of material fact or omits to state a material fact necessary in order to make the statements, in light of the circumstances under which they were made, not misleading, any information conveyed to the purchaser only after the time of sale will not be taken into account.

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