

invest no more than 5 percent of its net assets in speculative growth stocks, it would be sufficient to state that policy in the prospectus without elaboration.

The response to Item 13 should include a fuller discussion in the Statement of Additional Information of those investment policies of the registrant with respect to which an abbreviated or no narrative description is included in the prospectus. Fuller descriptions of the registrant's principal types of investment may also be appropriate, depending on the circumstances. If the registrant has not used a policy in the past, the registrant should disclose that fact, as well as its intention with respect to that policy in the coming year in the Statement of Additional Information in responding to Item 13.

21. Guide 4 to Form N-1A is amended by adding a footnote at the end of the first sentence to read as follows:

Guide 4. Types of Securities

* * * * *

⁴ As set forth in instruction 1 to Item 4, money market fund Registrants are not required to list or describe the particular instruments in which the fund may invest.

* * * * *

22. Guide 4 to Form N-1A is amended by adding a sentence and a footnote in the last paragraph (unnumbered) after the phrase "fifteen percent of its net assets." to read as follows:

Guide 4. Types of Securities

* * * * *

* * * A money market fund is limited to investing less than ten percent of its assets in illiquid securities.⁵ * * *

* * * * *

23. Guide 5 to Form N-1A is amended by adding a footnote at the end of the first sentence to read as follows, and sequentially renumbering all subsequent footnotes in the guides to Form N-1A:

Guide 5. Portfolio Turnover

* * * * *

⁶ Money market funds are not required to discuss the effects of portfolio turnover in their prospectuses.

* * * * *

24. Guide 8 to Form N-1A is amended by adding a sentence to the second paragraph (unnumbered) following the third sentence to read as follows:

Guide 8. Senior Securities, Reverse Repurchase Agreements, Firm Commitment Agreements and Standby Commitment Agreements

* * * * *

* * * Money market funds should discuss their use of these trading practices in the Statement of Additional Information in response to Item 13 (see Instruction 1 to Item 4(a)(iii) and Instruction 3 to Item 13). * * *

25. Guide 22 to Form N-1A is amended to read as follows:

Guide 22. Government Securities

If the registrant is investing in United States Government securities, the prospectus should reflect under what conditions, and to what extent the registrant intends to invest its assets in United States Government securities.

If a registrant other than a money market fund is investing to a significant extent in United States Government securities on a routine basis, the prospectus should include the following information: (i) The types of Government securities in which the fund will invest; (ii) examples of Government agencies and instrumentalities in whose securities the fund will invest; and (iii) whether the securities of such agency or instrumentality are: (a) Supported by full faith and credit of the United States, (b) supported by the ability to borrow from the Treasury, (c) supported only by the credit of the agency or instrumentality, or (d) supported by the United States in some other way. If the registrant is a money market fund, the disclosure described in (i)-(iii) above should be placed in the Statement of Additional Information.

If the registrant is a money market fund holding itself out as investing in United States Government securities, and the registrant does not invest all of its assets in securities backed by the full faith and credit of the United States Government, the fund should not suggest in its prospectus or sales material that there is no credit risk associated with the fund's investments.

26. Guide 28 to Form N-1A is amended by removing the following phrase in the first sentence of the tenth paragraph (unnumbered): "with portfolio securities that mature in one year or less".

27. General Instruction A of Form N-3 (referenced in §§ 239.17a and 274.11b) is amended by adding a paragraph between the first and second (unnumbered) paragraphs to read as follows:

Form N-3

* * * * *

General Instructions

A. Rule as to Use of Form N-3

* * * * *

Several Items of Form N-3 contain specific provisions or instructions for money market accounts. See General Instruction G and Items 1, 4, 5, 11, 12, of Part A, Items 19 and 27 of Part B, and Item 37 of Part C.

* * * * *

Note: Form N-3 does not and the amendments will not appear in the Code of Federal Regulations.

28. General Instruction G of Form N-3 (referenced in §§ 239.17a and 274.11b) is amended by removing the period and adding a comma at the end of the second paragraph (unnumbered) and adding the following to read as follows:

Form N-3

* * * * *

General Instructions

* * * * *

G. Incorporation by Reference

* * * * *

* * *, except that a Registrant's response to Item 4(d) may be incorporated into the prospectus by reference from the Statement of Additional Information. A money market account electing to incorporate its response to Item 4(d) from the Statement of Additional Information will not be required as a result of that incorporation to physically deliver the Statement with the prospectus if the Statement is available as described in the first paragraph of this instruction.

* * * * *

29. Item 1 of Form N-3 (referenced in §§ 239.17a and 274.11b) is amended by adding an instruction at the end of paragraph (a)(vi) to read as follows:

Form N-3

* * * * *

Item 1. Cover Page

- (a) * * *
(vi) * * *

Instruction

A money market account incorporating by reference from the Statement of Additional Information only its response to Item 4(c) must include within the prospectus a statement that information has been incorporated into the prospectus by reference from the Statement of Additional Information, but may omit the statement from its cover page.

* * * * *

30. Item 3 of Form N-3 (referenced in §§ 239.17a and 274.11b) is amended by

⁵ See Investment Company Act Rel. No. 13380 (July 11, 1983), 48 FR 32555 (July 18, 1983). See also Investment Company Institute (pub. avail. Dec. 9, 1992).