

porate securities. Trading of depositary receipts on foreign stock exchanges would be facilitated by having them (1) denominated in fractions of whole shares, thus bringing the unit prices closer to those customary in foreign markets, and (2) printed in the language of the country in which they are to be traded.

The costs of the depositary receipts now available to European investors are borne by the holders. Corporations whose securities are already available in depositary receipt form, or who wish to initiate depositary receipt arrangements, should consider absorbing some of the costs of the service. Some foreign corporations whose shares are traded in the United States in the form of American Depositary Receipts presently bear such costs.

Selling U.S. Investment Company Shares Abroad

Foreign holdings of U.S. investment company shares have shown a steady increase over the years. Initial foreign participation was primarily through purchase of shares of closed-end investment companies. A few of these have had, and continue to have, substantial foreign shareholders; some are listed on European stock exchanges. With the cooperation of the companies concerned, foreign interest in this medium for investment in the U.S. economy can be increased.

Since the foreign distribution of U.S. open-end investment company (mutual fund) shares is largely through banks and brokers, opportunities for direct solicitation by the issuers are limited. A few specialized U.S. sales organizations solicit foreign investors directly, primarily in countries without developed financial institutions.

Recommendation No. 11:

U.S. investment companies should plan and carry out a program to acquaint foreign investors with the advantages of owning U.S. closed-end investment company shares.

Recommendation No. 12:

Distributors of U.S. open-end investment company shares should devise methods for achieving additional foreign distribution of such shares, where locally permitted.

Recommendation No. 13:

U.S. investment company distributors should seek the modification of foreign regulations and practices which restrict the availability of their shares to foreign investors.