

Recommendation No. 14

U.S. closed end investment companies should seek to place original and secondary offerings of their shares with foreign investors and, where feasible, list these shares on major foreign exchanges.

(a) In 1964, sales of shares of open end investment companies in Canada and in other foreign countries reached \$115.2 million, a substantial increase over the 1963 figure of \$61.5 million. The current estimate for the calendar year 1965 indicates another substantial increase to \$280 million. This increase stems primarily from an ability of distributors to adapt to the particular legal structures existing in foreign countries.

(b) One fund has been incorporated abroad that invests solely in the shares of American mutual funds, and several others are in the process of formation.

(c) One closed end investment company group has recently placed a block of shares worth several million dollars abroad, and its investment banking associate is contemplating additional foreign offices. One large closed end investment company was recently listed on the Paris and Amsterdam exchanges.

(d) Translations of basic explanations of mutual funds and their advantages have been made available in German, Spanish, Italian, French, Finnish, Dutch, and Chinese. One of the basic publications of the Investment Co. Institute has been translated into Spanish.

(e) The Investment Co. Institute has initiated the regular collection of data concerning foreign markets, and a study of foreign investment companies in late 1964 has been circulated to members and the public. The institute has underway a study of foreign investment company holdings of U.S. securities and the changes therein.

(f) White Weld has devised a plan to the satisfaction of the British Exchange Control whereby a British subject was permitted to continue his mutual fund investment program after his return to Great Britain, and has shown a Swedish bank how it may lend to an investor in Abyssinia with such a program as collateral.

(g) Bache & Co., as a distributor of open end investment company shares, constantly employs its foreign facilities to interest foreign investors in such shares. In its offering of shares of the Japan Fund, Inc., a closed end investment company, in July of 1963, it included the Netherlands Overseas Corp., N.Y., in the underwriting group and subsequently the shares of the fund were listed on the Amsterdam Stock Exchange.

Recommendation No. 15

In order to promote the purchase of U.S. corporate securities abroad—

(a) the U.S. financial community should cooperate closely with major U.S. corporations in the dissemination of corporate reports in foreign languages and in the publication of financial data in foreign newspapers;

(b) U.S. investment bankers and brokerage firms should prepare research and statistical reports in foreign languages for distribution to foreign investors through local banks and securities firms and promote the publication of more detailed U.S. stock market and financial information in the foreign press;