

MEMO# 22829

August 28, 2008

Draft ICI Comment Letter on SEC Proposal to Modify Rules Allowing Foreign Broker-Dealers to Access U.S. Investors

[22829]

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TO: SEC RULES COMMITTEE No. 64-08
EQUITY MARKETS ADVISORY COMMITTEE No. 39-08
INTERNATIONAL COMMITTEE No. 22-08 RE: DRAFT ICI COMMENT LETTER ON SEC
PROPOSAL TO MODIFY RULES ALLOWING FOREIGN BROKER-DEALERS TO ACCESS U.S.
INVESTORS

As we previously informed you, the Securities and Exchange Commission proposed to amend Rule 15a-6 under the Securities Exchange Act of 1934 to expand the scope of conditional exemptions from broker-dealer registration for foreign entities and to ease or eliminate some of the existing restrictions on interactions between foreign broker-dealers and U.S. customers. [\[1\]](#) The draft letter is attached and summarized below.

The draft letter supports the goal of the Commission's proposal to expand the category of U.S. investors that would have greater access to foreign broker-dealers and foreign securities markets. It states that by liberalizing the restrictions on access to foreign markets, the proposal would enhance the ability of U.S. investors to more directly access the securities of foreign issuers and reduce costs for institutional investors seeking to trade foreign securities. It also notes that eliminating some of the chaperoning requirements of the current rule would facilitate more efficient communications between qualified investors and foreign broker-dealers while at the same time ensuring the removal of impractical requirements and unnecessary burdens on U.S. broker-dealers. Finally, the draft letter discusses the Commission's efforts to ensure that sufficient safeguards remain in place in connection with the expansion of foreign broker-dealer access to U.S. investors. It

recommends that the Commission monitor the implementation of the rule to ensure that these requirements provide the necessary safeguards for investors and to examine whether further investor protections are warranted.

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[Attachment](#)

endnotes

[\[1\]](#) See Exemption of Certain Foreign Brokers or Dealers, SEC Release No. 34-58047, (June 27, 2008) 73 FR 39181 (July 8, 2008).

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