

MEMO# 22856

September 11, 2008

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

[22856]

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TO: EQUITY MARKETS ADVISORY COMMITTEE No. 41-08
INTERNATIONAL COMMITTEE No. 23-08
SEC RULES MEMBERS No. 85-08 RE: 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 has 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 Institute's comment letter is attached and summarized below.

The letter supports the goal of the SEC'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 expand the investment diversification opportunities for U.S. investors, may lower the costs of accessing such opportunities, and would make these benefits available to more U.S. investors. 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.

The letter commends the SEC for taking steps to modernize its rules and regulations to better reflect the current environment for trading while ensuring that sufficient investor protections remain in place in connection with the expansion of foreign broker-dealer access to U.S. investors. It recommends the SEC make clear that foreign broker-dealers relying on the proposed exemptions are subject to the anti-fraud provisions of the U.S. securities laws with regard to their contacts with U.S. investors. It also recommends that the SEC 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.

Heather L. Traeger
Assistant Counsel

[Attachment](#)

[\[1\]](#) 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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