

MEMO# 16710

October 29, 2003

DRAFT INSTITUTE LETTER ON SEC POLICY STATEMENT ON BUSINESS CONTINUITY PLANNING FOR TRADING MARKETS

[16710] October 29, 2003 TO: EQUITY MARKETS ADVISORY COMMITTEE No. 25-03 END OF DAY PRICING FORUM No. 10-03 TECHNOLOGY ADVISORY COMMITTEE No. 17-03 RE: DRAFT INSTITUTE LETTER ON SEC POLICY STATEMENT ON BUSINESS CONTINUITY PLANNING FOR TRADING MARKETS As we previously informed you, the Securities and Exchange Commission has issued a Policy Statement setting forth basic principles that it believes self-regulatory organizations operating trading markets ("SRO Markets") and ECNs should apply in their business continuity planning.¹ The Institute has prepared a draft comment letter (a copy of which is attached) on the Policy Statement. The most significant aspects of the draft comment letter are summarized below. Comments on the Policy Statement must be received by the SEC no later than October 31, 2003. If you have any comments on the Institute's draft letter, please contact the undersigned by phone at 202-371-5408 or by e-mail at aburstein@ici.org no later than close-of- business on October 30. The draft letter contains several comments on the Policy Statement, in particular, regarding the timeframe and process for the resumption of trading following a "wide-scale disruption." Specifically, the draft letter states that while the Institute supports setting a goal for the resumption of trading as the next business day following a wide-scale disruption, it is very important that the resumption of trading in the securities markets do not begin until all securities in all markets can resume trading. The draft letter therefore recommends that the resumption of trading following a wide-scale disruption only begin once it can be assured that all securities can resume trading. The draft letter also supports the establishment of mutual back-up arrangements between markets but states that certain technical issues must be considered in connection with such arrangements, the most significant of which is the stock symbols that would be used by the alternative market. The draft letter therefore recommends that if mutual back-up arrangements are established between markets, the back-up market should be required to use the closed market's unique stock symbols. ¹ Memorandum to Equity Markets Advisory Committee No. 24-03, End of Day Pricing Forum No. 9-03 and Technology Advisory Committee No. 16-03 [16685], dated October 20, 2003. ² Finally, the draft letter recommends that the Commission strongly encourage securities firms and data vendors also to implement business continuity plans to ensure the proper functioning of the markets in case of a wide-scale disruption. Ari Burstein Associate Counsel Attachment (in .pdf format)

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