

MEMO# 8510

December 31, 1996

INSTITUTE COMMENTS ON BROKER-DEALER BOOKS AND RECORDKEEPING PROPOSALS

December 31, 1996 TO: SEC RULES COMMITTEE No. 139-96 RE: INSTITUTE COMMENTS ON BROKER-DEALER BOOKS AND RECORDKEEPING PROPOSALS

The Institute recently submitted the attached comment letter on the proposed amendments to the broker-dealer books and records rules under the Securities Exchange Act of 1934. The Institute's letter was revised slightly from the draft letter previously circulated to you* to incorporate members' comments. Among other things, the Institute's request for an exemption for fund underwriters from the proposed customer account form requirement was modified. Instead of structuring the exemption as a two prong test covering broker-dealers who (1) serve as fund underwriters and (2) do not recommend securities to the investing public, the Institute's final letter does not include the second prong. The letter expresses the view, however, that broker-dealers who serve as fund underwriters and who also engage in other activities, including making recommendations to the investing public, should be subject to the account form requirement with respect to those accounts for which recommendations are made. Amy B.R. Lancellotta Associate Counsel Attachment * See Memorandum to SEC Rules Committee No. 128-96, dated December 9, 1996.

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