

**MEMO# 18601**

March 1, 2005

# **DRAFT INSTITUTE LETTER ON SEC PROPOSALS AND CONCEPT RELEASE RELATING TO SELF-REGULATORY ORGANIZATIONS**

[18601] March 1, 2005 TO: EQUITY MARKETS ADVISORY COMMITTEE No. 14-05 CLOSED-END INVESTMENT COMPANY COMMITTEE No. 10-05 SEC RULES COMMITTEE No. 18-05 RE: DRAFT INSTITUTE LETTER ON SEC PROPOSALS AND CONCEPT RELEASE RELATING TO SELF-REGULATORY ORGANIZATIONS The Securities and Exchange Commission has published for comment proposed new rules relating to the governance and administration of self-regulatory organizations ("SROs"), as well as a concept release relating to the role and operation of the self-regulatory system.<sup>1</sup> The Institute has prepared a draft comment letter on these initiatives. The most significant aspects of the draft letter are summarized below and a copy of the draft letter is attached. Comments on the SRO rule proposals and concept release are due to the SEC no later than March 8, 2005. If you have any comments on the draft letter, please contact the undersigned by phone at 202-371-5408 or by e-mail at [aburstein@ici.org](mailto:aburstein@ici.org). The draft letter states that the Institute's comments on the proposals and concept release reflect the views of members as investors. Because the Commission's initiatives are intended to advance the interests of investors by improving the self-regulatory system, the draft letter strongly support the goals of the proposals and concept release - to strengthen SRO governance processes and regulatory programs and to increase transparency of SRO operations. The draft letter also states that an examination of the role and operation of SROs is particularly timely, given recent changes to the structure of the U.S. securities markets and in the ownership structure of SROs. At the same time, the draft letter recommends that in implementing the proposals, the Commission be cautious to avoid establishing rules or an SRO structure that is unnecessarily burdensome. Ari Burstein Associate Counsel Attachment (in .pdf format) 1 Securities Exchange Act Release No. 50699 (November 18, 2004), 69 FR 71126 (December 8, 2004) ("SRO Rule Proposals") and Securities Exchange Act Release No. 50700 (November 18, 2004), 69 FR 71256 (December 8, 2004) ("SRO Concept Release").