

**MEMO# 11127**

July 19, 1999

# **INSTITUTE COMMENT LETTER ON NASDR REQUEST FOR COMMENTS ON REQUIRING THE REGISTRATION OF CHIEF COMPLIANCE OFFICERS**

\* See Memorandum to Compliance Advisory Committee No. 25-99 and to SEC Rules Committee No. 48-99, dated June 24, 1999. [11127] July 19, 1999 TO: COMPLIANCE ADVISORY COMMITTEE No. 28-99 SEC RULES COMMITTEE No. 55-99 RE: INSTITUTE COMMENT LETTER ON NASDR REQUEST FOR COMMENTS ON REQUIRING THE REGISTRATION OF CHIEF COMPLIANCE OFFICERS

As we previously informed you, in June, NASDR requested comment on whether to require the registration of chief compliance officers of member firms.\* In addition, NASDR's Notice to Members sought comment on whether a general counsel who directly supervises a registered chief compliance officer should also be required to be registered. (According to the Notice, a general counsel would be directly supervising a chief compliance officer if the general counsel has the power to hire and fire and direct the activities of such person.) Attached is the Institute's comment letter. While the Institute does not take a position on the registration of chief compliance officers, we oppose NASDR requiring the registration of a general counsel that directly supervises a chief compliance officer. In particular, the Institute's letter expresses concern that requiring such registration could either undermine the independence of the general counsel or result in the restructuring of reporting lines within a firm to ensure that the general counsel does not directly supervise the chief compliance officer. According to our letter, neither result is desirable. The Institute's letter strongly recommends that NASDR maintain its longstanding position that a general counsel of a member firm is not required to be registered. Tamara K. Reed Associate Counsel  
Attachment