

**MEMO# 18638**

March 8, 2005

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

[18638] March 8, 2005 TO: EQUITY MARKETS ADVISORY COMMITTEE No. 17-05 CLOSED-END INVESTMENT COMPANY MEMBERS No. 15-05 SEC RULES MEMBERS No. 36-05 RE: INSTITUTE LETTER ON SEC PROPOSALS AND CONCEPT RELEASE RELATING TO SELF-REGULATORY ORGANIZATIONS The Institute has filed a comment letter with the Securities and Exchange Commission on 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 most significant aspects of the comment letter are summarized below and a copy of the letter is attached. The letter notes 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 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 letter 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 letter recommends that in implementing the proposals, the Commission be cautious to avoid establishing rules that are unnecessarily burdensome and that could prevent SROs from fulfilling their regulatory and administrative responsibilities. Ari Burstein Associate Counsel Attachment (in .pdf format) Note: Not all recipients receive the attachment. To obtain a copy of the attachment, please visit our members website (<http://members.ici.org>) and search for memo 18638, or call the ICI Library at (202) 326-8304 and request the attachment for memo 18638. 1 Securities Exchange Act Release Nos. 50699 (November 18, 2004), 69 FR 71126 (December 8, 2004) ("SRO Rule Proposals") and 50700 (November 18, 2004), 69 FR 71256 (December 8, 2004) ("SRO Concept Release").

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