

MEMO# 18078

October 6, 2004

SEC ADOPTS REQUIREMENTS RELATING TO RULE CHANGES PROPOSED BY SELF-REGULATORY ORGANIZATIONS

[18078] October 6, 2004 TO: CLOSED-END INVESTMENT COMPANY MEMBERS No. 66-04 EQUITY MARKETS ADVISORY COMMITTEE No. 43-04 SEC RULES MEMBERS No. 147-04 RE: SEC ADOPTS REQUIREMENTS RELATING TO RULE CHANGES PROPOSED BY SELF-REGULATORY ORGANIZATIONS The Securities and Exchange Commission has amended certain requirements relating to rule changes proposed by self-regulatory organizations.¹ The Commission adopted the amendments substantially as proposed. The Institute filed a comment letter supporting the proposal.² The new requirements will require each SRO to: (1) file proposed rule changes electronically with the Commission through a web-based system;³ (2) post all proposed rule changes, and any amendments thereto, on its public website within two business days, instead of within one business day as proposed; (3) post and maintain a current and complete version of its rules on its website; and (4) update its public website to reflect rule changes within two business days, instead of within one business day as proposed, after notification of the Commission's approval of the rule change. As of November 5, 2004, the Commission will no longer accept SRO proposed rule changes in paper format. Beginning on November 8, 2004, SROs will be required to file all proposed rule changes with the Commission electronically. To accommodate the systems changes necessary to commence electronic notification to the SROs from the Commission, the Commission has delayed implementation of the requirement that each SRO update its public website to reflect rule changes until May 9, 2005. ¹ Securities Exchange Act Release No. 50486 (Oct. 4, 2004). The release can be found on the SEC's website at <http://www.sec.gov/rules/final/34-50486.htm>. ² For a summary of the Institute's comment letter on the proposal, see Memorandum to Closed-End Investment Company Members No. 38-04, Equity Markets Advisory Committee No. 26-04, and SEC Rules Members No. 83-04, dated June 4, 2004 [17625]. ³ Under limited circumstances, the Commission will allow SROs to file documents in paper format (e.g., information subject to a request for confidential information). ² The Commission also adopted a rule that will require each participant in an effective National Market System Plan to ensure that a current and complete version of the Plan is posted on a Plan website or on a website designated by Plan participants within two business days after notification by the Commission of effectiveness of such Plan. The effective date for this rule is May 9, 2005. Jane G. Heinrichs Assistant Counsel

should not be considered a substitute for, legal advice.