

MEMO# 908

January 5, 1989

ICI COMMENTS ON NASD PROPOSAL ON CUSTOMER ACCOUNT INFORMATION

January 5, 1989 TO: INVESTMENT ADVISERS COMMITTEE NO. 2-89 SEC RULES COMMITTEE
NO. 1-89 BROKER/DEALER ADVISORY COMMITTEE NO. 1-89 RE: ICI COMMENTS ON NASD
PROPOSAL ON CUSTOMER ACCOUNT INFORMATION

Attached is an Institute comment letter on a NASD proposal to amend Section 21(c) of Article III of the Rules of Fair Practice, requiring that certain additional information be obtained from a customer prior to settlement of an initial transaction in that account. While such information may be appropriate in establishing a full service broker-dealer retail account, the Institute questions whether certain information (such as the customer's occupation and name and address of the employer) is necessary when the account is solely for the purpose of effecting transactions in the securities of open-end investment companies. Accordingly, the Institute has requested that the NASD refer the proposal to the NASD's Investment Companies Committee for its consideration of what information should be required for accounts solely for effecting transactions in investment company securities. Susan P. Hart Assistant General Counsel Attachment

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