

MEMO# 1263

July 17, 1989

ADOPTION OF RULE 15A-6 AND PROPOSAL OF CONCEPT RELEASE

July 17, 1989 TO: SEC RULES COMMITTEE NO. 37-89 INTERNATIONAL FUNDS TASK FORCE NO. 3-89 CLOSED-END FUND COMMITTEE NO. 25-89 BROKER/DEALER ADVISORY COMMITTEE NO. 32-89 RE: ADOPTION OF RULE 15a-6 AND PROPOSAL OF CONCEPT RELEASE _____ On July 5, 1989, the SEC adopted Rule 15a-6 under the Securities Exchange Act of 1934. A copy of the adopting release is attached. The Rule exempts from registration foreign broker-dealers that deal with specified U.S. institutional investors under certain conditions. The Rule covers foreign broker-dealers who directly solicit transactions with (i) U.S. institutional investors, if a registered broker-dealer also participates, and (ii) major U.S. institutional investors, which can be done without the participation of a registered broker-dealer. In either case, the resulting transaction must be effected through a registered broker-dealer. The Rule also contains exemptions for foreign broker-dealers who have "nondirect" contacts through unsolicited transactions and the distribution of research reports to major U.S. institutional investors. Under the Rule, registered investment companies are included within the definition of "U.S. institutional investor." The term "major U.S. institutional investor" includes U.S. institutional investors with assets or assets under management in excess of \$100 million or registered investment advisers with assets under management in excess of \$100 million. In conjunction with adopting Rule 15a-6, the SEC issued for public comment the attached release outlining a conceptual approach to the regulation of foreign broker-dealers that operate solely outside of the U.S. The release seeks comments on an exemption that would rely on comparable foreign regulatory regimes and cooperation with foreign securities authorities for foreign broker-dealers conducting a limited business with major - 2 - U. S. institutional investors. The comment period for the concept release ends on January 2, 1990. Please provide me with any comments you may have on the release by December 1, 1989. Amy B. Rosenblum Assistant General Counsel Attachments