

MEMO# 3691

April 14, 1992

PROPOSED LEGISLATION TO PREVENT ABUSES OF ELECTRONIC MONITORING IN THE WORKPLACE

April 14, 1992 TO: OPERATIONS COMMITTEE NO. 10-92 TRANSFER AGENT ADVISORY
COMMITTEE NO. 20-92 RE: PROPOSED LEGISLATION TO PREVENT ABUSES OF ELECTRONIC
MONITORING IN THE WORKPLACE

Attached for your review is a copy of H.R. 1218, legislation that is designed to prevent potential abuses of electronic monitoring in the workplace. The bill, which is expected to be considered by the House Committee on Education and Labor in the near future, would impose certain notice requirements and other restrictions on the use of electronic monitoring by employers. Violations would subject employers to the possibility of civil penalties (up to \$10,000 for each violation), actions by the Secretary of the Department of Labor and private rights of action by employees or prospective employees. The Securities Industry Association has proposed that the bill be amended to exclude from all provisions of the bill (other than section 3(a)(1)(A), which requires the posting of a notice from the Department of Labor informing employees that an employer engages or may engage in electronic monitoring of employees and specifies circumstances under which employees may be entitled to additional notice) all employers registered as broker-dealers, securities associations, municipal securities dealers, government securities brokers or government securities dealers. The SIA amendment (a copy of which is also attached) is meant to address potential problems for their members in the area of electronic tracking of securities trades, with respect to which SROs may request information. The status of the SIA's proposed amendment is uncertain at this time. Please review the attached bill to identify any significant problems or concerns for participants in the investment company industry. In this regard, to the extent any such problems exist, please consider whether the SIA's proposed amendment would adequately address them or whether a broader exclusion would be necessary. Please call me with your comments at (202) 955-3514 by Friday, April 24. Frances M. Stadler Assistant General Counsel Attachments