

MEMO# 14115

November 8, 2001

POSSIBLE SUBMISSION OF REGULATORY PROPOSALS TO SEC

[14115] November 8, 2001 TO: SEC RULES COMMITTEE No. 88-01 RE: POSSIBLE SUBMISSION OF REGULATORY PROPOSALS TO SEC At the SEC Rules Committee meeting held on October 30, 2001, Institute staff reported that SEC Chairman Harvey Pitt has invited the industry to make recommendations for possible regulatory changes in connection with the Chairman's plans to conduct a review of the securities laws. We asked Committee members at the meeting if there are regulatory proposals that the Institute should consider submitting to the Commission. Members made the following suggestions: (1) liberalization of the staff's position concerning the liquidity of commercial paper issued under Section 4(2) of the Securities Act of 1933; (2) elimination of the requirement under Rule 10f-3 under the Investment Company Act (concerning acquisition of securities during the existence of an underwriting or selling syndicate) that issuers, with respect to certain types of securities offerings covered by the rule, must have been in continuous operation for at least three years; (3) simplification of Rule 11a-3 under the Investment Company Act (concerning exchange offers); (4) possible relief from Rule 12d3-1 under the Investment Company Act (concerning investments in securities-related issuers); and (5) modernization of the procedural requirements of Rule 17f-2 under the Investment Company Act (the "self-custody" rule). Committee members were encouraged to inform us of any issues involving undue restrictions on affiliated transactions that were not raised in the Institute's December 1998 submission to the SEC (a copy of which is attached). If there are additional affiliated transactions issues or other regulatory issues that you would like us to consider addressing in a regulatory reform submission to the SEC, please contact me by Wednesday, November 21st at 202/326-5822 or by email to frances@ici.org. Frances M. Stadler Deputy Senior Counsel Attachment (in .pdf format)