

MEMO# 3256

November 8, 1991

INSTITUTE COMMENT LETTER ON PROPOSED TEMPORARY RISK ASSESSMENT AND REPORTING REQUIREMENTS FOR BROKER-DEALERS

November 8, 1991 TO: SEC RULES COMMITTEE NO. 65-91 UNIT INVESTMENT TRUST
COMMITTEE NO. 37-91 RE: INSTITUTE COMMENT LETTER ON PROPOSED TEMPORARY RISK
ASSESSMENT AND REPORTING REQUIREMENTS FOR BROKER-DEALERS

As previously reported, the SEC recently proposed temporary rules to implement the broker-dealer risk assessment provisions of the Market Reform Act of 1990. (See Memorandum to SEC Rules Committee No. 55-91, Unit Investment Trust Committee No. 30-91, dated September 16, 1991.) Proposed Rule 17h-1T would require a registered broker-dealer to maintain and preserve certain information with respect to the activities and financial condition of affiliated firms that could have a material adverse impact on the broker-dealer. Proposed Rule 17h-2T would require a broker-dealer to file quarterly reports with the SEC summarizing the information required to be maintained pursuant to Rule 17h-1T. The Institute has filed the attached comment letter with the SEC supporting adoption of the proposed rules and in particular the proposed exemption for certain limited purpose mutual fund and unit investment trust broker-dealers. The Institute had requested such an exemption in a letter to the Division of Market Regulation earlier this year. Frances M. Stadler Assistant General Counsel Attachment

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