

MEMO# 10437

October 29, 1998

DRAFT COMMENT LETTER ON REPROPOSED BROKER-DEALER BOOKS AND RECORDS REQUIREMENTS

* See Memorandum to SEC Rules Committee No. 101-98, dated Oct. 12, 1998. [10437]
October 29, 1998 TO: SEC RULES COMMITTEE No. 109-98 RE: DRAFT COMMENT LETTER ON
REPROPOSED BROKER-DEALER BOOKS AND RECORDS REQUIREMENTS

As we previously reported, the Securities and Exchange Commission has repropose amendments to its broker-dealer books and records rules (Rules 17a-3 and 17a-4 under the Securities Exchange Act of 1934), which represent a revision to the SEC's original 1996 proposed amendments to these rules.* Attached is a draft Institute comment letter on the reproposal. The letter argues that the proposal to require all broker-dealers to maintain an account record for each customer account (including such information as a customer's investment objectives or risk tolerance) should not apply to broker-dealers that only act as investment company underwriters, since such broker-dealers do not recommend securities and thus have no reason to retain such records. The letter also argues that the proposal to require broker-dealers to retain a separate record of whether the broker-dealer has complied with securities regulatory rules governing information required when opening or updating a customer account is unnecessary and redundant, given that broker-dealers are already required to comply with any such rules applicable to them. Finally, the letter recommends that a provision requiring broker-dealers to retain all communications relating to their "business as such" be clarified to allow broker-dealers to draft individualized communication retention policies and procedures appropriate to their business, size, structure and customers. Comments on the repropose amendments are due to the SEC by November 9, 1998. Please provide me (telephone: 202/326-5819; fax: 202/326-5839; or e-mail: savage@ici.org) with any comments to the draft letter by Thursday, November 5, 1998. Joseph P. Savage Associate Counsel Attachment

Source URL: <https://icinew-stage.ici.org/memo-10437>

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.