

MEMO# 13752

July 20, 2001

SEC EXTENDS TIME FOR BANKS TO COMPLY WITH THE SECURITIES EXCHANGE ACT; ANNOUNCES ITS INTENT TO AMEND INTERIM FINAL RULES; AND EXTENDS COMMENT PERIOD ON PROPOSED RULES

[13752] July 20, 2001 TO: ADVISORY GROUP ON BANKING ISSUES BANK INVESTMENT MANAGEMENT MEMBERS No. 7-01 BANK AND TRUST ADVISORY COMMITTEE No. 13-01 RE: SEC EXTENDS TIME FOR BANKS TO COMPLY WITH THE SECURITIES EXCHANGE ACT; ANNOUNCES ITS INTENT TO AMEND INTERIM FINAL RULES; AND EXTENDS COMMENT PERIOD ON PROPOSED RULES As we previously advised you, in May the Securities and Exchange Commission adopted on an interim final basis a variety of rules to implement provisions in the Gramm- Leach-Bliley (GLB) Act relating to the registration of broker-dealers under the Securities Exchange Act of 1934.¹ In addition to adopting the rules on an interim basis, the Commission requested comment on them by July 17, 2001. On July 18th, the SEC issued two Releases relating to the interim final rules, a copy of which is attached. The first Release extends the comment period on the interim final rules until September 4, 2001. The second Release extends the compliance date for the registration requirements imposed by the GLB Act until May 12, 2002.² This Release notes that providing this extension will “prevent banks from unnecessarily incurring costs to comply with the statutory scheme based on the current Rules rather than the Rules when amended and will give the Commission time to fully consider comments on the Rules and amend the Rules as necessary.” The Release also notes that discussions with the banking industry and banking regulators have resulted in the Commission recognizing the need to revise the rules. Until this occurs, the Commission does not expect banks to develop compliance systems for the provisions of the GLB Act implemented by the rules. In the interim, banks “should continue to focus on the transition to full implementation of functional regulation, including seeking compliance advice regarding issues under the GLB Act and exploring forming relationships with broker-dealers if needed.” Tamara K. Reed Associate Counsel Attachments 1 See Memorandum to Advisory Group on Banking Issues, Bank Investment Management Members No. 2-01, and Bank and Trust Advisory Committee No. 4-01, dated May 30, 2001. 2 See SEC Releases No. 34-44569 and 34-44570 (July 18, 2001). The Releases are also available on the SEC’s web site (www.sec.gov).

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