

MEMO# 5791

April 14, 1994

INSTITUTE LETTER HIGHLIGHTING EDGAR FILER PROBLEMS

April 14, 1994 TO: ACCOUNTING/TREASURERS COMMITTEE NO. 17-94 SEC RULES COMMITTEE NO. 46-94 RE: INSTITUTE LETTER HIGHLIGHTING EDGAR FILER PROBLEMS

The Institute recently conducted a review of the electronic filing experience of several of its member firms who have been phased-in to the EDGAR system. This review revealed that the EDGAR system is functioning well. Member firms that have been phased-in to EDGAR generally report a smooth transition from paper to electronic filings. Nevertheless, the review revealed several technical problems which are addressed in the attached letter to the SEC. The electronic filing problems reported by EDGAR filers relate to: a) file transmission speed, b) identification codes and c) timeliness of acceptance/suspension notices. The Institute's letter expresses support for the concept of electronic filing and requests that each of these problems be addressed.

File Transmission Speed The EDGAR system is designed to accommodate file transmission speeds of up to 9600 baud. File transmission speed tests conducted by several member firms indicate that actual transmission speeds range from 3900 baud to 7000 baud. As a result, transmission time per filing and telephone connect time charges are greater than they should be. The Institute's letter requests the SEC to make modifications that would enable the system to accommodate 9600 baud transmissions. In addition, the letter suggests that the Commission consider enhancing the EDGAR system to accommodate file transmission speeds of 14400 baud or higher.

Identification Codes The EDGAR system uses a series of identification codes to authenticate electronic filings. The Central Index Key ("CIK"), a unique ten digit number, and the CIK Confirmation Code ("CCC"), an eight character identifier, must be included in each electronic filing. EDGAR filers indicate that their filings have been rejected due to a "mismatch" between the CIK and the CCC. Rejected filings cannot be processed until the filer obtains a new CCC. New funds sponsored by an investment company complex that has already been phased-in to EDGAR are required to file their initial registration statement electronically. The new fund must apply to the Commission for identification codes prior to its initial filing. EDGAR filers indicate that the initial registration statement is typically rejected. The EDGAR system indicates that the newly organized investment company has not yet been phased-in. Apparently, the Commission's procedure for assigning new identification codes does not recognize that a recently organized fund may be associated with a previously phased-in sponsor.

Timeliness of Acceptance/Suspension Notices Electronic filers who subscribe to CompuServe are informed of the status of their filings through the EDGAR E-Mail service. Sometime after completion of an electronic filing, an electronic message is sent from EDGAR to the filer's CompuServe e-mail box via the CompuServe network. The e-mail message indicates that the filing has been either accepted or rejected. EDGAR filers indicate that the interval between the completion of an

electronic filing and the receipt of an acceptance/suspension notice typically is fifteen minutes or less. However, in certain instances, the receipt of an acceptance/suspension notice may take as long as one hour. Further, the longest delays typically occur in connection with those filings that are ultimately rejected. Gregory M. Smith Director - Operations/Compliance Attachment

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