

**MEMO# 15197**

September 23, 2002

## **INSTITUTE COMMENT LETTER ON PROPOSED SEC REGULATION RELATING TO ANALYST CERTIFICATION**

[15197] September 23, 2002 TO: SEC RULES MEMBERS No. 78-02 COMPLIANCE ADVISORY COMMITTEE No. 78-02 INVESTMENT ADVISER MEMBERS No. 37-02 CLOSED-END INVESTMENT COMPANY MEMBERS No. 43-02 RE: INSTITUTE COMMENT LETTER ON PROPOSED SEC REGULATION RELATING TO ANALYST CERTIFICATION The Institute has filed the attached comment letter with the Securities and Exchange Commission on proposed Regulation Analyst Certification ("Regulation AC") relating to research analyst independence and objectivity.<sup>1</sup> The most significant aspects of the comment letter are summarized below. The letter supports the approach taken in proposed Regulation AC regarding the scope of the rule, specifically that the term "research analyst" would not include an investment adviser, such as a mutual fund portfolio manager, who is not principally responsible for preparing research reports, even if the investment adviser is a registered person of a member. However, the letter states that should the SEC wish to consider this matter further, it should do so only in the context of a tailored rule proposal under the Investment Advisers Act and/or the Investment Company Act, rather than as part of an initiative designed for broker-dealer personnel. Finally, in response to a request for comment in the proposing release, the letter supports an explicit exclusion of investment advisers to make clear that they are not covered by the rule. Ari Burstein Associate Counsel

Note: Not all recipients receive the attachment. To obtain a copy of the attachment, please visit our members website (<http://members.ici.org>) and search for memo 15197, or call the ICI Library at (202) 326-8304 and request the attachment for memo 15197. Attachment (in .pdf format) 1 Memorandum to SEC Rules Members No. 66-02, Compliance Advisory Committee No. 63-02, Investment Adviser Members No. 33-02 and Closed-End Investment Company Members No. 36-02, dated August 22, 2002.