

MEMO# 8018

July 2, 1996

INSTITUTE COMMENT LETTER ON SEC INTERPRETATION ON USE OF ELECTRONIC MEDIA BY BROKER- DEALERS, TRANSFER AGENTS AND INVESTMENT ADVISERS

1 See Memorandum to SEC Rules Committee No. 40-96; Closed-End Fund Committee No. 13-96; Unit Investment Trust Committee No. 22-96; Investment Advisers Committee No. 9-96; Subcommittee On Advertising No. 7-96; Broker/Dealer Advisory Committee No. 8-96; Transfer Agent Advisory Committee No. 26-96; Technology Advisors Roundtable, dated May 14, 1996. July 2, 1996 TO: BROKER/DEALER ADVISORY COMMITTEE No. 13-96 CLOSED-END FUND COMMITTEE No. 17-96 INVESTMENT ADVISERS COMMITTEE No. 16-96 SEC RULES COMMITTEE No. 68-96 SUBCOMMITTEE ON ADVERTISING No. 17-96 TRANSFER AGENT ADVISORY COMMITTEE No. 38-96 UNIT INVESTMENT TRUST COMMITTEE No. 26-96 TECHNOLOGY ADVISORS ROUNDTABLE RE: INSTITUTE COMMENT LETTER ON SEC INTERPRETATION ON USE OF ELECTRONIC MEDIA BY BROKER-DEALERS, TRANSFER AGENTS AND INVESTMENT ADVISERS

As we previously informed you, the Securities and Exchange Commission has issued for public comment an Interpretive Release that provides broker-dealers, transfer agents and investment advisers with guidance in using various types of electronic media under the federal securities laws.¹ The Institute recently submitted the attached comment letter on the Commissions interpretation. The Institutes letter requests that the Commission clarify that the informed consent requirement for the electronic transmission of personal financial information does not apply to mutual funds providing of account balance information through the Internet. It recommends that the Commission and the various self-regulatory organizations, including the National Association of Securities Dealers, Inc. and the New York Stock Exchange, Inc., coordinate their regulatory treatment of the electronic transmission of personal financial information by broker- dealers and investment advisers. It also recommends that both the Commission and the self- regulatory organizations adopt a content-based approach to the regulation of electronic mail messages sent by broker-dealers and investment advisers. Finally, the Institute recommends that the Commission reconsider its requirement that electronically distributed registration statements contain a legend that directs investors to the Commissions World Wide Web site for further information about the issuer. Alexander C. Gavis Assistant Counsel Attachment

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