

MEMO# 10117

July 13, 1998

INSTITUTE PRESENTS POSITION PAPER ON PRIVACY AT COMMERCE DEPARTMENT SUMMIT

1 The banking, insurance and securities trade associations presented similar papers at the privacy summit. [10117] July 13, 1998 TO: INTERNATIONAL COMMITTEE No. 21-98 SEC RULES COMMITTEE No. 72-98 ELECTRONIC COMMERCE ISSUES WORKING GROUP RE: INSTITUTE PRESENTS POSITION PAPER ON PRIVACY AT COMMERCE DEPARTMENT SUMMIT

On June 23 and 24, 1998, the Institute participated in a two day summit on Internet privacy issues sponsored by the Department of Commerce. Consumer interest groups, government personnel, and private sector representatives met to consider a number of issues relating to the protection of consumer privacy. SEC staff and representatives of the European Commission were also in attendance. The Institute participated on a financial services panel on the second day of the summit to address the question of whether broad federal legislation is necessary to protect privacy on the Internet. In the context of this discussion, the Institute presented a paper entitled "Protection of Privacy in the Investment Company Industry."¹ The Institute's position, as expressed in the paper and at the privacy summit, is that the federal securities laws provide an adequate framework to address the protection of personal data and that the development of policies and practices by investment companies will naturally evolve as a matter of good business practice. The Institute's paper also argues that the US should oppose the extraterritorial implementation of any foreign law, such as the European Union Privacy Directive, that would restrict the ability of US investment companies and investment advisers to receive important data from sources outside the US. A copy of the Institute's paper is attached. Robert C. Grohowski Assistant Counsel Attachment