

MEMO# 17564

May 21, 2004

DRAFT INSTITUTE COMMENT LETTER ON SEC PROPOSAL TO REQUIRE ELECTRONIC FILING AND POSTING OF PROPOSED RULE CHANGES OF SELF-REGULATORY ORGANIZATIONS

[17564] May 21, 2004 TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 21-04 EQUITY MARKETS ADVISORY COMMITTEE No. 24-04 SEC RULES COMMITTEE No. 46-04 RE: DRAFT INSTITUTE COMMENT LETTER ON SEC PROPOSAL TO REQUIRE ELECTRONIC FILING AND POSTING OF PROPOSED RULE CHANGES OF SELF- REGULATORY ORGANIZATIONS As we previously informed you, the Securities and Exchange Commission has proposed changes under the Securities Act of 1933 and the Securities Exchange Act of 1934 that would amend certain requirements relating to rule changes proposed by self-regulatory organizations ("SROs").¹ Attached is the Institute's draft comment letter on the proposal, which is briefly summarized below. Comments on the proposal must be filed with the SEC by June 4, 2004. Please provide any comments you may have on the draft letter to me by phone (202.218-3563), fax (202.326- 5827), or email (ddonohue@ici.org) no later than June 1st. The draft letter supports requiring each SRO to: (1) post all proposed rule changes, and any amendments thereto, on its public website no later than the next business day after filing with the SEC; (2) post and maintain a current and complete version of its rules on its website; and (3) update its public website to reflect rule changes no later than the next business day following notification of the SEC's approval of the rule change. The draft letter notes that the proposed requirements would enhance access by interested persons to SRO rules and rule changes, thereby, in part, facilitating efforts to identify and comment on SRO proposals. The letter also notes that the proposal would facilitate compliance efforts. The draft letter expresses extreme concern that the Commission has not addressed the short time period provided for public comment on SRO proposals. The letter notes that a 21- day comment period often does not provide a meaningful "opportunity" to comment because it is extremely difficult to develop comprehensive, well-considered comments in this period, ¹ See Memorandum to Closed-End Investment Company Committee No. 18-04, Equity Markets Advisory Committee No. 20-04, and SEC Rules Committee No. 38-04 [17434], dated April 28, 2004. ² especially with respect to complex proposals. The letter urges the Commission to extend the public comment period for significant SRO proposals. Dorothy M. Donohue Associate Counsel Attachment (in .pdf format)

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