

**MEMO# 5742**

March 31, 1994

## **DRAFT COMMENT LETTER ON LARGE TRADER REPORTING REPROPOSAL**

March 31, 1994 TO: INVESTMENT ADVISERS COMMITTEE NO. 27-94 INVESTMENT ISSUES COMMITTEE NO. 6-94 SEC RULES COMMITTEE NO. 43-94 UNIT INVESTMENT TRUST COMMITTEE NO. 27-94 RE: DRAFT COMMENT LETTER ON LARGE TRADER REPORTING REPROPOSAL \_\_\_\_\_ As we previously informed you, the Securities and Exchange Commission has repropose Rule 13h-1 under the Securities Exchange Act of 1934, which would establish an activity-based large trader reporting system. (See Memorandum to Investment Advisers Committee No. 14-94, Investment Issues Committee No. 3-94, SEC Rules Committee No. 19-94 and Unit Investment Trust Committee No. 14-94, dated February 24, 1994.) The reproposal addresses many of the concerns raised by the Institute in its comment letter on the Commission's original large trader reporting proposal. (See Memorandum to Investment Issues Committee No. 22-91, SEC Rules Committee No. 71-91, Investment Advisers Committee No. 60-91 and Unit Investment Trust Committee No. 45-91, dated December 12, 1991.) Attached for your review is a draft comment letter to the Commission on the repropose large trader reporting system. The draft letter (1) recommends certain changes with respect to the information that investment advisers would have to provide on Schedules 7a and 7b to Form 13H concerning brokerage accounts, (2) suggests that the Commission eliminate an inconsistency between the definition of "identifying activity level" in repropose Rule 13h-1(a)(8) and the definition of that term in the General Instructions to Form 13H, and (3) repeats the Institute's previous recommendation concerning voluntary large trader report filings. If you have any comments on the attached draft letter, or there are other issues you would like the Institute to consider including in the letter, please contact the undersigned at (202) 326-5822 by Thursday, April 14. Frances M. Stadler Associate Counsel Attachment