

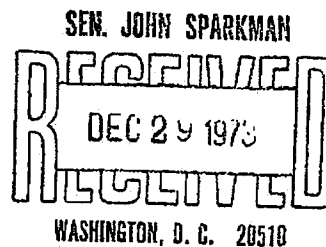


SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

December 28, 1973

The Honorable John Sparkman
Chairman
Committee on Banking, Housing and Urban Affairs
United States Senate
Washington, D. C. 20510



Dear John:

Pursuant to the provisions of the Federal Advisory Committee Act, the Commission has extended the operations of its Broker-Dealer Model Compliance Program Advisory Committee from January 1, 1974 until July 1, 1974, in order to permit the committee to complete its recommendations to the Commission. As you are aware the Commission, assisted by the recommendations of the Advisory Committee, proposed to publish a guide to broker-dealer compliance with the federal securities laws in order to advise broker-dealers of the standards to which they should adhere if investor confidence in the fairness of the marketplace is to be warranted and sustained. The Advisory Committee's recommendations are not intended to lead to the expansion of Commission rules governing broker-dealers but instead, to suggest how best to inform broker-dealers as to existing requirements and how they may comply with them.

The Advisory Committee has been meeting regularly in public sessions and tried diligently to complete its work by January 1, 1974, as provided in the charter. The preparation of the committee's recommendations, however, has taken longer than originally was projected. In view of the importance of the broker-dealer guidelines to the investment community, the Commission believes it would be appropriate to extend the committee's operation an additional six months for it to complete its work. Pursuant to the provisions of the Federal Advisory Committee Act, the Commission has consulted with the Office of Management and Budget on the continuation of the Advisory Committee and is publishing notice of the action in the Federal Register. A copy of the amended charter of the Advisory Committee is enclosed for your files.

Sincerely,

Ray Garrett Jr.
Ray Garrett, Jr.
Chairman

Enclosure

SECURITIES AND EXCHANGE COMMISSION

AMENDED CHARTER

OF THE

BROKER-DEALER MODEL COMPLIANCE PROGRAM ADVISORY COMMITTEE

(Pursuant to Section 9 of the Federal Advisory Committee Act)

Chairman William J. Casey, with the concurrence of the members of the Securities and Exchange Commission, on October 25, 1972, ordered the establishment of an advisory committee to assist the Commission in developing a model compliance program for the broker-dealer industry. It had been determined that the formation and use of that advisory committee was in the public interest in connection with the performance of duties imposed on the Commission by the Securities Exchange Act of 1934 in regulating broker-dealers. The establishment of this advisory committee was evidenced by a minute order entered by the Commission on October 25, 1972, and announced in Securities Exchange Act Release No. 9835 on that date. The minute order of October 25, 1972, has been supplemented by minute order dated January 24, 1973. Pursuant to that supplemental order, the Chairman, with the concurrence of the members of the Commission, directed that the Charter be filed as provided in Section 9 of the Federal Advisory Committee Act Public Law 463, 92d Cong., 2d Sess., 86 Stat. 770. The committee's Charter provided that the operations of the committee were to terminate on January 1, 1974. Subsequently, the Commission determined, pursuant to the terms of the original charter, that it would be appropriate in connection with duties imposed on the agency by law to extend the existence of the advisory committee until June 30, 1974. This action was undertaken to permit the Committee to complete its report which it was anticipated would require an additional six months.

The following information is provided as prescribed by Section 9(c) (A) through (J) of the Federal Advisory Committee Act:

(A) The Advisory Committee's official designation is the "Broker-Dealer Model Compliance Program Advisory Committee."

(B) The objectives and scope of the activities of this advisory Committee are to advise the Commission in the development of a model compliance program to serve as an industry guide for the broker-dealer community. Assisted by this Committee's recommendations, the Commission proposes to publish a guide to broker-dealer compliance under the federal securities laws in order to advise broker-dealers of the standards to which they should adhere if investor confidence in the fairness of the market place is to be warranted and sustained. The Committee's recommendations are not intended to lead to the expansion of Commission rules governing broker-dealers but, instead, to suggest how to inform broker-dealers as to the existing requirements and how they may comply with them. Accordingly, the Committee is to submit to the Commission recommendations on a model compliance program for broker-dealers' regulatory responsibilities and obligations to customers as well as supervision of its personnel.

(C) The Advisory Committee shall submit its recommendations to the Commission within six calendar months from the date of this Amended Charter.

(D) The Advisory Committee shall submit its recommendations to the Securities and Exchange Commission.

(E) The Securities and Exchange Commission shall provide any necessary support services.

(F) The duties of the Committee are solely advisory and shall extend only to submitting recommendations to the Securities and Exchange Commission on the model compliance program for broker-dealers described in subparagraph (B) above.

Determinations of action to be taken and policy to be expressed with respect to the recommendations of the Advisory Committee shall be made solely by the Commission.

(G) The estimated annual operating costs in dollars and man-years for the Advisory Committee are as follows:

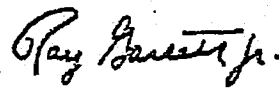
Dollar Costs--\$1,500 travel and miscellaneous expenses for Commission personnel.

Man-Years--One-half man-year for Commission personnel.

(H) The Advisory Committee shall meet at such intervals as are necessary to carry out its functions. It is estimated that this shall not require meetings more frequently than at weekly intervals, or a total of not more than approximately 25 meetings.

(I) Pursuant to Section 14(a)(1) of the Federal Advisory Committee Act, the Advisory Committee shall terminate on June 30, 1974, unless prior to such time the Advisory Committee is renewed or the Chairman, with the concurrence of the members of the Commission, directs by amendment to this Charter that the Advisory Committee terminate at an earlier date.

(J) This charter has been filed with the Chairman of the Securities and Exchange Commission on December 26, 1973.



RAY GARRETT, JR.
Chairman, Securities and Exchange
Commission