

ADVISORY

SULLIVAN & WORCESTER INVESTMENT MANAGEMENT ADVISORY

SEC Announces "Next Steps" for Broker-Dealer Mutual Recognition Regime Implementation

On March 24, 2008, the Securities and Exchange Commission ("SEC") announced that it intends to take steps to implement a mutual recognition regime in the United States for "high quality regulatory regimes in other countries." A mutual recognition regime would likely alleviate restrictions on the activities of foreign broker-dealers in the United States, providing U.S. investors with greater access to the services of foreign broker-dealers and foreign markets. While the announcement is general in nature and does not specify the details of a mutual recognition framework, it provides the first glimpse of the form such a regime may take in the future.

In an effort to begin coordinating the regulation of U.S. markets with regulation in the global marketplace, the SEC staff contemplates the following:

- Exploring initial agreements with one or more foreign regulatory counterparts, which would be based upon a comparability assessment by the SEC and by the foreign authority of one another's regulatory regimes.
- Considering adoption of a formal process for engaging other national regulators on the subject of mutual recognition. This process could be accomplished through rulemaking or other appropriate mechanisms, possibly informed by one or more initial agreements with other regulators.
- Developing a framework for mutual recognition discussions with jurisdictions comprising multiple securities regulators tied together by a common legal framework, including Canada (which has no national securities regulator, but rather provincial regulators) and the European Union (whose national securities regulators are subject to supranational legislation and directives).
- Proposing reforms to Rule 15a-6 in order to improve the process by which U.S. investors have access to foreign broker-dealers.

The full SEC release can be [viewed here](#).

The SEC staff has expressed interest in discussing these issues with interested parties. For more information regarding mutual recognition or the regulation of U.S. and foreign broker-dealers generally, please contact the attorneys listed above.

IF YOU WOULD LIKE ADDITIONAL INFORMATION, PLEASE CONTACT:

David C. Mahaffey
202 775 1207
dmahaffey@sandw.com

Nicole Marie Crum
202 775 1218
ncrum@sandw.com

BOSTON

Sullivan & Worcester
One Post Office Square
Boston, MA 02109

NEW YORK

Sullivan & Worcester
1290 Avenue of the Americas
New York, NY 10104

WASHINGTON, DC

Sullivan & Worcester
1666 K Street, NW
Washington, DC 20006

SULLIVAN &
WORCESTER