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SIPC Proposes Bylaw Change Relating to SIPC Fund Assessments

On October 8, the Securities Investor Protection Corporation (SIPC) filed a proposed bylaw amendment with the Securities and Exchange Commission regarding the minimum annual assessments for SIPC members. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 amended the Securities Investor Protection Act of 1970 (SIPA) by changing the minimum assessments from $150 to 0.02% of a member's gross revenues from securities business.

SIPC now proposes to amend its bylaws to be consistent with SIPA, as amended by the Dodd-Frank Act. SIPC, however, proposes to change the minimum assessments benchmark from gross revenues to net operating revenues. SIPC believes most securities firms no longer structure their business on a gross revenue basis and instead use a net operating revenue basis (i.e., exclude interest and dividend expenses in their revenue calculations). Since assessments based on net operating revenues will be less than assessments based on gross operating revenues, SIPC's proposed rule change will still be consistent with SIPA, as amended by the Dodd-Frank Act.

On November 30, the Securities and Exchange Commission published a notice soliciting public comment on SIPC's proposal.

To read the SEC release, click here.

Katten Muchin Rosenman LLP
Charlotte Chicago Irving London Los Angeles New York Washington, DC