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United States General Accounting Office
Washington, D.C. 20548

General Government Division

March 8, 2000

The Honorable John D. Dingell
Ranking Minority Member
Committee on Commerce
U.S. House of Representatives

Subject: Review of SIPC Operations

Dear Mr. Dingell:

Concerning your letter dated November 16, 1999 to the Comptroller General requesting a GAO study of the Securities Investor Protection Corporation's (SIPC), we met with Legal Counsel Consuela Washington on February 16, 1999, to discuss your request.

Due to the complexity of the issues and the need to determine the availability of data, we need to proceed with a separate design phase. The purpose of this statement of intent is to set the study objectives and provide you with a completion date for the design phase. We agreed that the overall objectives will be to (1) determine the steps that SIPC and the Securities and Exchange Commission (SEC) have taken in response to GAO's 1992 report recommendations on SIPC's operations, (2) determine whether SIPC follows consistent procedures to compensate investors, and (3) assess the impact that the Gramm-Leach-Bliley Act will have on SIPC's customer protection function.

As agreed with Ms. Washington, we will brief her on our findings for objective (1) by early May. We plan to complete the remainder of the design phase by July 31, 2000. We will remain in contact with Ms. Washington and at the end of the design phase, we will provide the projected completion date of the entire study. If you have any questions, please contact me on (202) 512-8678 or my Assistant Director, Orice Williams, on (202) 512-5837.

Sincerely yours,

Thomas J. McCool
Director, Financial Institutions
and Markets Issues