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United States. Securities and Exchange Commission

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

HOLDING COMPANY ACT Release No. 15540
ACCOUNTING SERIES Release No. 106

ADOPTION OF REVISIONS OF THE UNIFORM SYSTEM OF ACCOUNTS
FOR MUTUAL SERVICE COMPANIES AND SUBSIDIARY SERVICE
COMPANIES, UNDER THE PUBLIC UTILITY HOLDING COMPANY
ACT OF 1935, TO PERMIT ORDERLY DESTRUCTION OF CERTAIN
RECORDS OF SERVICE COMPANIES.

On May 10, 1966 the Securities and Exchange Commission published for comment a proposal under the Public Utility Holding Company Act of 1935 (Release 35-15466) to revise its Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies ("System of Accounts"), so as to establish, as an Appendix thereto, a regulation entitled: REGULATION TO GOVERN THE PRESERVATION AND DESTRUCTION OF RECORDS OF MUTUAL AND SUBSIDIARY SERVICE COMPANIES ("Regulation"). Heretofore, the System of Accounts had required that service companies subject thereto retain their records permanently, unless otherwise authorized by the Commission. The purpose of the proposal is to eliminate this provision and substitute therefor appropriate procedures for the orderly destruction of records, the continued retention of which is deemed no longer necessary or appropriate in the public interest or for the protection of investors or consumers.

After considering all comments and recommendations submitted by interested persons, the Commission, acting pursuant to the authority contained in Sections 13, 15 and 20 of the Public Utility Holding Company Act of 1935, has adopted the proposed Regulation, subject to the following changes:

1. In paragraph (i) of Item 15 - Payroll Records, under the column headed "Period of Retention" at page 11 of the proposed Regulation, the language reading "6 years after termination of employment" is changed to read "3 years after close of fiscal year, provided employment and salary changes are recorded in the records described in Item 24(a)."
2. In paragraph (2) of Item 24 - Employment Records, under the column headed "Period of Retention" at page 15 of the proposed Regulation, the language reading "2 years after termination of employment" is changed to read "6 years after termination of employment."
3. In paragraph (d) of Item 31 - Other Records, under the column headed "Description of Records" at page 17 of the proposed Regulation, the word "effecting" in line 7 of such paragraph is changed to read "affecting."
4. In paragraph 8 of General Requirements at page 4 of the proposed Regulation, in the fifth line thereof, the word "and" is changed to read "or".

For the purpose of implementing the Regulation, the following revision of the General Instructions of the System of Accounts also was adopted by the Commission:

At page 3 of the said General Instructions, the third paragraph thereof under the heading entitled "Records" is deleted and the following paragraph is substituted therefor:

"No company shall destroy any records except as authorized by the provisions of the 'Regulation to Govern the Preservation and Destruction of Records of Mutual and Subsidiary Service Companies' annexed hereto as an Appendix.

The Commission finds that the foregoing action provides relief to the affected companies and that it would be to their advantage if the regulation were made effective immediately. Accordingly, the foregoing action is declared effective August 12, 1966. Copies of the Regulation will be furnished upon request.

By the Commission.

Orval L. DuBois
Secretary

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