WASHINGTON REPORT

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WASHINGTON, June 10 -- "Mr. Cary and the (securities) industry want a bill. We're going to do our very best to see that Mr. Cary and the industry get a bill -- this session."

So says one of the chief Congressional pilots of SEC's legislative program. Underscoring his quiet confidence is a continuing timetable of positive action:

June 4th: The Commission's three-ply "package" of legislative recommendations goes to the Hill. Minutes later, identical bills are introduced simultaneously in both chambers -- as S. 1642 in the Senate; as H.R. 6789 in the House. Sponsors are Senator Robertson (Dem., Va.), chairman of the Senate Committee on Banking and Currency, and Rep. Harris (Dem., Ark.), chairman of the House Committee on Interstate and Foreign Commerce.

June 18th: Senator Williams (Dem., N.J.), chairman of Banking and Currency's Securities Subcommittee, will begin that group's public hearings on S. 1642. Present plans call for testimony from SEC and other Government witnesses on the first day. Industry spokesman, including ASEF representatives, and other interested persons will be heard on the two succeeding days.

July 1st, et seq.: Rep. Staggers (Dem., W. Va.), chairman of the House Subcommittee on Commerce and Finance, says he hope to start public sessions on H. R. 6789 "just as soon as possible after the first of the month." He's unperturbed by the Senate side's earlier jump; sees little or no duplication of effort; says he wants all pertinent background in hand -- notably, from SEC and other Federal agencies -- before getting started. He shrugs off published reports that he and Chairman Harris have budgeted three weeks for Subcommittee hearings, says only that "everybody who wants to be heard on this legislation will be heard." Here, also, ASEF will be among industry groups at the witness table.

Beyond the legislation's demonstrable merits, the industry's major role in its drafting has made a profound impression at both the Commission and on Capitol Hill. SEC Chairman Cary's letter of transmittal warmly acknowledges "the substantial and beneficial cooperation" of the financial community. He adds: "In view of the pressures of time, we have neither asked for nor received a binding commitment that the industry as a whole will support our proposals; but we do have assurances from the leaders of major securities organizations that they regard all of the proposals submitted here as constructive and in the public interest. We thus fully anticipate their public support."

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The Congressional pilot who promises an all-out effort in the legislation's behalf said also: "We have to be impressed when we see a great industry like this one rising to its responsibilities." And Senator Williams, in commending SEC for the "judicious manner" in which it implemented the Congressional directive for a special study of the securities markets, went on to tell the Senate: "I also compliment the securities industry on its cooperation with the Commission during the course of this study, and in particular on its responsible approach to the findings of the Commission in the first installment of its April 3rd report."

Indeed, the only really dark cloud on SEC's seemingly bright legislative horizon is the continuing delay in delivery of the Special Study report's second installment. It had been promised for June 1st. Now, a Special Study principal says candidly that "we'll be lucky to get the next four chapters up there (to Congress) this month." And that means, of course, that the third and final installment is additional weeks away.

This delay, almost wholly mechanical, is the main reason why the Commission decided to finesse two of its major legislative recommendations -- covering over-the-counter quotation service and misleading corporate publicity -- at this time. Chairman Cary says these proposed amendments may go up later, "but probably not in time for consideration during this session."

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Mid-July is the new and unofficial target date for the House Ways and Means Committee report on the Administration's tax bill. So chances of a tax cut before next January 1st are increasingly slim. But the Committee continues to make tremendous forward strides, on a bit-by-bit basis. Certainly its most significant action in recent weeks was its tentative approval of the so-called capital gains compromise, featuring major rate reductions for investments held three years or more before sale. Letters from the financial community to members of Congress are generally acknowledged to be the major factor behind the Committee's decision to take a more realistic approach to the whole subject of capital gains.

(<u>Note:</u> The June 10th issue of U.S. NEWS & WORLD REPORT -- page 106 -- features an excellent and detailed interpretative article on the proposed capital gains compromise.)

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