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October 19, 1981

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Honorable David Stockman
Director
Office of Management & Budget
The White House
Washington, D.C. 20506

Dear Mr. Stockman:

While the proposal to reduce the government budget allocable to the operations of administrative agencies is one which is welcome and generally appropriate, I write to express a reservation regarding the application of such reduction to the Securities and Exchange Commission.

The efficient operation of securities laws are essential to the integrity of our financial markets. This operation involves the processing of registration statements, the supervision of broker-dealers and investment companies, and the enforcement of the securities laws to prevent abuse and loss of confidence in the honesty of our markets. When there is a high level of securities activity and of capital issues, the administrative burdens on the SEC are increased and its ability to process expeditiously the filings which come before it could adversely impact upon the timing and ability of companies to implement financial plans.

For these reasons, I am concerned that the proposed budget cut for the SEC may have unintended adverse impact on the regulatory process. When this concern is combined with the observation that substantially more than 50% of the SEC's budget is provided by charges imposed on issuers and others, I would hope that the concern expressed by Chairman Shad regarding the budget cuts would receive your sympathetic consideration.

Sincerely yours,

Kenneth J. Bialkin

KJB/bp

cc: Hon. John S. R. Shad,
Chairman of the SEC
Commissioner John R. Evans
Commissioner Bevis Longstreth
Commissioner Philip A. Loomis, Jr.
Commissioner Barbara S. Thomas

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