

October 29, 1962

Honorable John A. Carroll
Chairman, Subcommittee on Administrative
Practice and Procedure
Committee on the Judiciary
United States Senate
Washington 25, D. C.

Dear Senator Carroll:

Pursuant to your letter of October 11, 1962, wherein you requested that we advise what changes had been effected in this Commission's administrative practices and procedures during the past two years, the following report is herewith submitted for your consideration.

The Commission has recently attempted to expedite the handling of its matters involving the procedures incident to the examination of registration statements filed with it under the Securities Act of 1933. Examination procedures have been restricted in certain types of registrations, including those involving certain high grade debt securities, employee stock plans, and most public utility companies, to a limited review of the materials filed. In March 1962, it was announced that additional emphasis would be placed on streamlining examination procedures. During the spring when registration filing was at an all-time high, the staff was advised to take a liberal approach to its examination of registration statements filed on behalf of companies with a history of previous earnings where those statements appeared to have been meticulously prepared and where the financial statements were unexceptionable. To reduce the existing backlog at that time the amount of review was also generally curtailed, but this policy was a temporary expedient and not regarded as permanent.

The Commission has had in effect, throughout the years, rules of practice which are designed in large part to expedite the administrative proceedings conducted by it. The possible revision of these rules was made the subject of a joint study by the members of its staff together with outside authorities in the administrative law area. On June 30, 1960, an over-all revision of these rules of practice was announced in the interest of providing for more efficient and expeditious conduct of and disposition of administrative proceedings before the Commission. This revision resulted largely in clarifying existing procedures, restating the rules in more logical sequence, eliminating obsolete and redundant provisions, and generally improving the administrative process. Since that date the Commission has, from time to time, made only minor amendments to the rules and as experience with their operation has dictated.

You may be interested also in the fact that the Commission will in the near future promulgate rules implementing P.L. No. 87-592 which authorized the Commission to delegate certain functions to members of its staff. These rules, as presently drafted, encompass the delegation of certain routine functions formerly performed by the Commission itself to the Secretary of the Commission, to the several Regional Administrators, and to the Directors of its various operating Divisions. Illustrative of the nature of the functions to be delegated are matters involving procedural announcements and the authorization to issue certain uncontested orders. It is expected that the delegation of these and other similar functions to subordinate staff members will enable the Commission to free itself of time consuming ministerial details, thereby permitting it to devote more attention to matters of policy and to expedite the handling of significant individual cases pending before it.

Sincerely yours,

William L. Cary
Chairman

JADudley/DBHSimon
revised Dferber/cs
revised WLCary/vbk

CHAIRMAN'S OFFICE
MAILED

OCT 30 1962

Signed by: _____