

NEWS

**SECURITIES AND
EXCHANGE COMMISSION**

Washington, D. C. 20549

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FOR RELEASE: 1:30 P.M. WEDNESDAY, SEPTEMBER 26 79-

OPENING STATEMENT

OF

THE HONORABLE HAROLD M. WILLIAMS, CHAIRMAN
SECURITIES AND EXCHANGE COMMISSION

AT THE

COMMISSION'S MEETING WITH PROFESSOR LOUIS LOSS
AND HIS ADVISERS CONCERNING THE AMERICAN LAW INSTITUTE'S
PROPOSED FEDERAL SECURITIES CODE

I AM PLEASED TO WELCOME TO THE COMMISSION THIS
AFTERNOON PROFESSOR LOUIS LOSS AND HIS DISTINGUISHED
ADVISERS, MANY OF WHOM ARE FORMER MEMBERS OF THIS COMMISSION
OR ITS STAFF, TO DISCUSS THE AMERICAN LAW INSTITUTE'S
PROPOSED FEDERAL SECURITIES CODE. THE INSTITUTE, PROFESSOR
LOSS, AND THE MANY INDIVIDUALS WHO HAVE CONTRIBUTED TO THIS
PROJECT DESERVE CONGRATULATIONS FOR THEIR SCHOLARSHIP, THEIR
INSIGHT, AND THEIR PERSEVERANCE. THE CODE REPRESENTS WHAT
WOULD BE A COMPREHENSIVE STATUTORY SCHEME WHICH, IN PART,
CODIFIES FORTY-FIVE YEARS OF EXPERIENCE IN FEDERAL SECURITIES
REGULATION, AND, IN PART, SUBSTANTIALLY REVISES THE LAW.
PERHAPS NO GROUP COULD BE MORE QUALIFIED TO UNDERTAKE THAT
VERY DIFFICULT TASK THAN THE ONE WE WELCOME HERE TODAY.

COMMISSIONERS INDIVIDUALLY AND THE STAFF COLLECTIVELY HAVE DEVOTED A GREAT DEAL OF TIME OVER THE PAST YEAR AND A HALF TO REVIEWING THE PROPOSED CODE. BECAUSE OF THE COMPLEXITY OF THE CODE, THIS EFFORT HAS DEMANDED A SIGNIFICANT SHARE OF OUR LIMITED PERSONNEL RESOURCES. IN ADDITION, COMMISSIONER LOOMIS HAS BEEN INVOLVED IN THE CODE PROJECT SINCE ITS INCEPTION, AND MANY OF OUR STAFF MEMBERS HAVE PROVIDED INPUT DURING THE COURSE OF THE CODE'S DEVELOPMENT. THUS, THE COMMISSION'S OVERALL INVOLVEMENT WITH THE CODE HAS BEEN BOTH LONG-STANDING AND DETAILED.

MOREOVER, AS MANY OF YOU KNOW, THE STAFF OF THE COMMISSION HAS BEEN MEETING WITH PROFESSOR LOSS AND SOME OF HIS ADVISERS FOR NEARLY A YEAR NOW. AS THE AGENCY CHARGED BY CONGRESS WITH RESPONSIBILITY FOR ADMINISTERING THE SECURITIES LAWS, OUR INPUT INTO THE CODE IS OBVIOUSLY IMPORTANT TO ITS SUPPORTERS. I BELIEVE THAT THE EXPERIENCE

AND INSIGHT OF OUR STAFF HAS PROVIDED A NECESSARY SUPPLEMENT TO THE PROJECT'S OWN COLLECTIVE WISDOM. IN TURN, THIS EXCHANGE OF INFORMATION HAS PROVIDED A USEFUL FRAMEWORK FOR THE COMMISSION'S STUDY OF THE CODE.

THE COMMISSION HAS NOT, HOWEVER, TAKEN A FORMAL POSITION ON THE MERITS OF THE CODE. INDEED, THE CODE'S PROPOSED TREATMENT OF A NUMBER OF ISSUES IS OF SERIOUS CONCERN TO THE COMMISSION. ACCORDINGLY, WE WOULD LIKE TO USE THIS MEETING TO HEAR THE VIEWS OF PROFESSOR LOSS AND HIS ADVISERS BEFORE WE COME TO ANY JUDGMENT ON THESE ISSUES. IN THE PROCESS, WE MAY BE ABLE TO RESOLVE SOME OF THESE MATTERS, OR AT LEAST TO DEFINE MORE PRECISELY THE NATURE OF ANY DIFFERENCES OF OPINION THAT MAY EXIST.

TO THAT END, IT SEEMS MOST USEFUL FOR US TO PROCEED WITH A DISCUSSION OF THE SPECIFIC MATTERS OF CONCERN TO THE COMMISSION, RECOGNIZING THAT NOT ALL OF THESE ARE OF EQUAL IMPORTANCE. THEREFORE, IT WOULD BE HELPFUL TO US IF PROFESSOR LOSS, OR ONE OF HIS ADVISERS, WOULD SUMMARIZE THE CODE'S APPROACH ON EACH OF THE VARIOUS TOPICS, AND THEN WE WILL HAVE WHATEVER DISCUSSION SEEMS APPROPRIATE. TO ASSIST US IN THAT DISCUSSION, I HAVE ASKED THE OFFICE OF THE GENERAL COUNSEL TO PARTICIPATE BY ASKING QUESTIONS AND CLARIFYING POINTS WHERE NEEDED.

THE RESULT OF THESE DISCUSSIONS, I HOPE, WILL BE A GREATER MUTUAL UNDERSTANDING OF THE ISSUES, AS WELL AS OF THE CODE ITSELF. WITH SUCH AN UNDERSTANDING, WE CAN BETTER APPROACH THE PROCESS OF CONGRESSIONAL CONSIDERATION OF THE CODE, A PROCESS IN WHICH WE WILL ALL PLAY A SIGNIFICANT ROLE.