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CHRISTOPHER COX

California

Chairman

REPUBLICAN POLICY COMMITTEE

COMMITTEE ON COMMERCE

SUBCOMMITTEE:

TELECOMMUNICATIONS AND FINANCE

VICE CHAIRMAN:

OVERSIGHT AND INVESTIGATION

Chairman

TASK FORCE ON

BUDGET PROCESS REFORM



**Congress of the United States
House of Representatives**

May 20, 1996

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VICE CHAIRMAN:
CALIFORNIA TASK FORCE

Mr. Arthur Levitt
Chairman
Securities and Exchange Commission
450 5th Street, N.W.
Washington, DC 20549

Dear Mr. Chairman:

It has recently come to my attention that you have requested a major reorganization of the structure and membership of the Financial Accounting Foundation. Specifically, it is my understanding that you have sought to require that appointments to the FAF Board of Trustees be subject to the Commission's approval.

In addition, I have received a copy of a letter you wrote on April 22, 1996 to the Chairman of the Financial Accounting Foundation in which you warn that failure to submit Board appointments to SEC approval--something nowhere provided for in statute--would result in an unspecified "direct solution" through amendments to ASR No. 150.

I am concerned that the Securities and Exchange Commission not overstep the bounds of its own authority in seeking to determine fundamental structural issues with respect to the Foundation. Your requested changes could have the effect of substituting federal government control for private sector standard setting--something that may or may not be wise, but which certainly merits policy consideration by the appropriate committees of Congress.

As you know, I respect your judgment and your willingness to share with Congress your views on legislative matters. Because of the extraordinarily significant change in the SEC's role vis-a-vis FAF, FASB, and GASB that your April 22 letter entails, I would appreciate hearing from you at your earliest convenience on this subject.

Sincerely,

Christopher Cox
U.S. Representative