

ADDENDUM TO INTERVIEW TRANSCRIPT

Upon my confirmation to the SEC, a wise former Commissioner of the IRS warned me that I should try to resist spending all of my time ‘doing the necessary, instead of doing the important.’ I believe he was right. In my experience on the SEC, an enormous amount of time was spent, by all of the Commissioners, on matters of routine, the ‘necessary’ day-to-day work of the Commission. There were endless (and necessary) rule making hearings, endless (and necessary) enforcement applications, housekeeping work, and long debates on esoteric subjects. A bright, energetic staff, such as that of the SEC while I was there, can produce enough paper work to keep each Commissioner busy reading around the clock; and they did. Some might say that was the intention.

Many Commissioners over the years have gotten lost in that routine and all that paper work. I tried hard not to, but realistically only a relatively little amount of time was available to any Commissioner to pursue his or her own initiatives.

In reviewing the transcript of my interview for this oral history project, I have realized that the swirl of my recollection of my dealing with the necessary detail, and with my attempts to take important initiatives, produced an imperfect and incomplete recollection. This is particularly true twenty-five years after the events in question and at a time when I have dealing with the challenges and responsibilities of my various current roles, including as Chairman of the UK Atomic Energy Authority and Deputy Chairman of the UK Financial Reporting Council, the government agency that regulates UK corporate governance and all aspects of accounting and accountants in this country..

Let me be clear and concise here. After a period of getting my feet firmly placed under the Commissioners’ table, two interrelated themes occupied much of my ‘important’ time of personal initiative: the internationalization of the securities markets and the internationalization of accounting standards. Interestingly, now twenty-five years later, these two topics are still a matter of intense debate and negotiation. I believe that I had a substantial part in identifying those subjects as important to the American and world securities markets and in initiating that debate.

Responsible deregulation, extra-territorial application of American securities law, and cash-flow accounting and pernicious budget cutting also occupied my time and attention.

Although it would be impossible for me now to reconstruct the detail of my participation in the early debates on internationalisation and the other ‘important’ but not ‘necessary’ issues that occupied my time at the SEC, a review of the more than 25 articles and op-ed pieces, and of the more than 25 speeches, that I wrote and delivered during my term, on those and other subjects, will give one a flavor of what I was thinking and advocating at that time. I believed then, and believe now, that public advocacy of important issues is one of the principal responsibilities (and privileges) of members of the Commission. Lists of my articles and speeches as a Commissioner are attached. I have copies of all of these materials, should anyone wish to pursue this further.

As is well known, and as I discussed during the interview, towards the end of my tenure on the SEC, the proposed Rule 415 was much on my mind. I spent a great deal of my time studying the policy and practical problems with the proposed rule and discussing it with those I believed would be most affected by it. As a result of this work, I determined that I had to dissent from its adoption and I did write a detailed dissent, which is part of the public record. The clearest picture of the analysis and concerns that lay behind my dissent are, however, well captured in a speech I gave in April 1983, a copy of which I attach to this paper.

An active, indeed hectic, work schedule during the many intervening years since my service as a Commissioner have dimmed my memory of, and reduced my ability to articulate, the detail of what I thought and acted upon as I struggled to follow the advice of my friend, the former IRS Commissioner. I do hope, however, that reference to the articles and speeches I made during that period, including the attached speech on my concerns with Rule 415, will help to clarify and preserve the record of those important and exciting times.