



SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

EXECUTIVE

MAR 1 1975

Mr. Kenneth R. Cole, Jr.  
Assistant to the President  
for Domestic Affairs  
The White House  
Washington, D.C.

Dear Mr. Cole:

This is in response to your letter of February 3, 1975 requesting the Commission's comments on the recent report by the United States Commission on Civil Rights, entitled "The Federal Civil Rights Enforcement Effort-1974."

Before the Civil Rights Commission issued its report, this agency prepared a detailed letter of comment analyzing a draft of the proposed report. Because the Civil Rights Commission's final report is substantially similar to the draft, I feel that that letter, a copy of which is enclosed, can serve as our comments on the final report as well. Also enclosed are copies of Securities Exchange Act Releases No. 10597 and 11189 which reflect the Commission's disposition of a petition and renewed petition for rulemaking with respect to employment discrimination within the securities industry.

As these enclosures indicate, the Securities and Exchange Commission recognizes that elimination of discrimination in employment is a matter of national concern, and firmly believes that the securities industry and corporate registrants generally should take appropriate action to assure that federal anti-discrimination statutes are being obeyed. But, as those documents explain, the Commission is doubtful whether, or to what extent, if any, Congress has given this agency the authority to adopt regulations relating to employment discrimination where a nexus has not been shown to exist between alleged discrimination and matters that are within the objectives of the securities laws. We consider our position in this regard to be substantially in accord with the views recently expressed by the Court of Appeals for the District of Columbia Circuit in National Association for the Advancement of Colored People, et al. v. Federal Power Commission, No. 72-1959 (February 5, 1975).

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In order to obtain the benefit of other viewpoints concerning its authority in this and related cases, however, the Commission recently announced public proceedings in which it will consider whether and to what extent it may and should act with respect to matters primarily of social rather than financial concern. A copy of the Commission's release announcing this proceeding is also enclosed. Although this proceeding was initiated pursuant to Judge Charles R. Richey's order in Natural Resources Defense Council v. Securities and Exchange Commission, [Civil Action No. 409-73, D.D.C., December 9, 1974], which chiefly involved questions of the Commission's responsibility under the National Environmental Policy Act, the Commission concluded to solicit comment concerning the interest of investors in the full range of socially significant matters and has expressly sought comment concerning its authority to deal with matters of equal employment opportunity.

I appreciate this opportunity to comment on the Civil Rights Commission's report. If any further questions arise concerning these matters, please do not hesitate to contact me.

Sincerely,

Ray Garrett, Jr.  
Chairman

Enclosures