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June 13, 1975

Mr. Quinton F. Seamons
Legal Assistant
Office of the Commissioner
Securities and Exchange Commission
Washington, D.C. 20549

Dear Mr. Seamons:

Thank you for sending me copies of Commissioner Evans' recent addresses. In particular, the expression of the SEC disclosure philosophy in "Should Bank Investors Know" struck a familiar chord. As you may know, Commissioner Evans and I participated in a Practising Law Institute program on banks and securities laws last year. You might be interested in the enclosed article on the contrasting philosophies of the banking and securities regulatory agencies which I wrote for the last issue of The Banking Law Journal.

Although I also find that I am in complete agreement with the views expressed by Commissioner Evans in his address to the Western Stock Transfer Association and am pleased that he took the opportunity to emphasize the role of the no action letter, I cannot restrain myself from making one comment with respect to the Commissioner's May 15, 1975 address in Denver.

I am sure others far more articulate and knowledgeable in the problems of multinational corporations than I am are engaging in a dialogue with Commissioner Evans as to the consequences of requiring full disclosure of conduct abroad which if conducted in the United States would be considered illegal or immoral. I recognize that this is a difficult area in which the Commission is being called upon to make decisions having broad policy ramifications. However, I would like to express the hope that whatever decision the Commission ultimately makes with respect to the disclosure requirements applicable to management conduct which is neither material in a strictly economic sense nor illegal under the laws of the jurisdiction in which the conduct occurs, it will recognize the problem faced by the private bar in attempting to advise clients how to comply with the federal securities laws. Thus far, the Commission's actions have been spearheaded by enforcement proceedings involving what may be classed as egregious fact situations. However, if the Commission is to carry out its responsibility of facilitating voluntary compliance with the securities laws, it will be necessary for rules and regulations to be adopted which will permit the securities bar to advise its clients how to comply.

I am sure Commissioner Evans is aware of this concern, because it was expressed by several of us who believe strongly in the role of the private bar in enforcing voluntary compliance with the securities laws at Wednesday's meeting of the Bureau of National Affairs Advisory Board.

I would hope, both in order to permit those of us engaged in securities practice to advise our clients how to meet their legal responsibilities and in order to provide for administrative due process prior to commencing enforcement proceedings, the Commission will provide us with such guidance. I also hope that hindsight application of whatever standards are ultimately adopted to conduct which occurred at a time when corporate managements believed that their obligation was to conform to the law and morality of the place in which the conduct occurred, will be avoided by limiting any new disclosure rules to conduct engaged in after the necessity to disclose the conduct (even if the disclosure is detrimental to shareholders). Prospective operation would have a prophylactic effect on the decision whether to engage in such conduct; hindsight application would not.

Thank you again for sending me copies of Commissioner Evans' recent addresses.

Very truly yours,

Bruce Alan Mann

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