

United States Senate

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July 21, 2000

The Honorable Arthur Levitt
Chairman
Securities and Exchange Commission
450 Fifth Street, N.W.,
Room 6102
Washington, D.C. 20549

Dear Chairman Levitt:

I am writing regarding the Commission's approach to its most recent proposed rulemaking. The subject of the proposed rule - auditor independence - is as complex as securities litigation reform. The period of public comment for the proposed rules seems inadequate given the significance of these changes.

No reasons were provided by the Commission for deciding upon a scant 75 days for public comments. The shortness of the period is exacerbated by the great number of express questions on which the Commission requests comment - more than four hundred - and its proposal of several cursorily defined "alternatives." Any rulemaking of such major impact to the capital markets and the accounting profession should be accomplished only through a careful, fair and deliberative process. A 75-day comment period does not meet that standard.

The proposal carries with it other indications of haste. The proposal was posted on the Commission's web site late in the afternoon of Friday, June 30, after Congress recessed and on the eve of the July 4th holiday weekend. The Commission will hold its first public hearing on the proposed rules on Wednesday, July 26, 2000 - only 14 business days after the proposal was proposed.

Moreover, the comment period will expire on September 25, 2000. Given the sweeping nature of the proposed rule, its complexity, and the large volume of comments that the Commission will certainly receive on this controversial topic, it will take more than the remaining few days of the 106th Congress to come to a final determination. The important policy issues at stake would clearly require that the Commission not vote on any final version of the rule while Congress is out of session.

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I urge you and the Commission to extend the comment period through the end of this calendar year and allow any final vote on the proposed regulations occur during the next session of Congress.

Sincerely,

ROBERT G. TORRICELLI
United States Senator

cc: Hon. Isaac C. Hunt, Jr.
Hon. Paul R. Carey
Hon. Laura Simone Unger