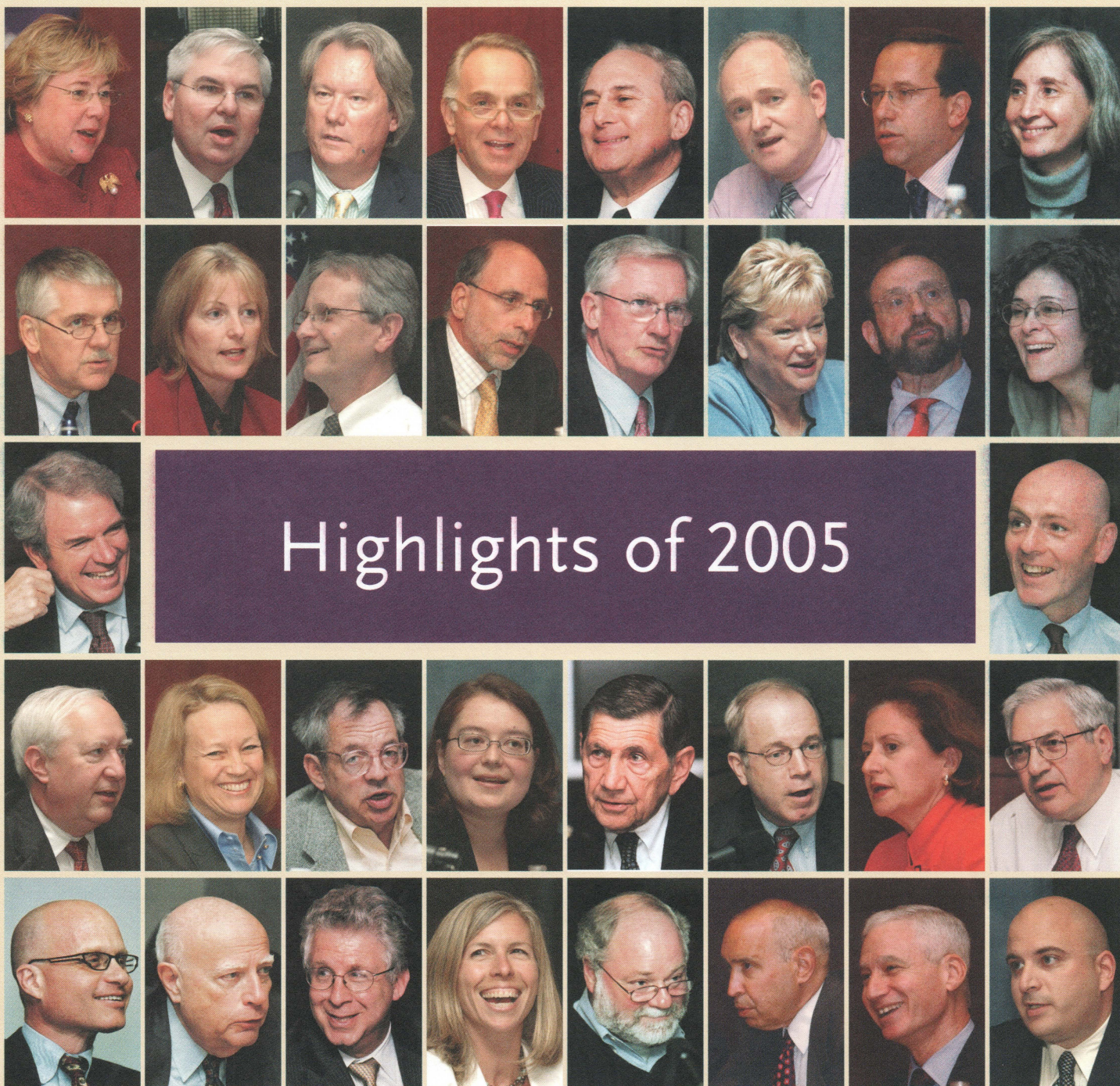


SECURITIES AND EXCHANGE COMMISSION HISTORICAL SOCIETY



Letter from the President

Dear Friends:

On December 1st, our virtual museum and archive at www.sechistorical.org opened its first galleries – 431 Days: Joseph P. Kennedy and the Creation of the SEC (1934-35); and William O. Douglas and the Growing Power of the SEC (1936-39) – a milestone in the mission of the Securities and Exchange Commission Historical Society to preserve and share SEC and securities history for generations to come.

For those of you who helped to build the Society as a non-profit organization from our founding on September 15, 1999, and those of you who witnessed the opening of the virtual museum and archive on June 1, 2002, this was indeed a proud moment.

When I met with SEC Chairman Christopher Cox in October, he informed me that the museum's collections were used to prepare for his confirmation hearings. While I was delighted by the news, I am even more pleased that the virtual museum and archive now attracts over 2,500 visitors each month from the SEC, the financial and investor community, law and accounting firms, academia, the press and the general public.

Before the virtual museum and archive opened, none of the materials in the collections – from galleries to timeline, from papers to links, from photos to oral histories and online programs – were easily accessible. All that you see at www.sechistorical.org today, and all that will be added in the future, are made possible through the guidance of our Museum Committee, chaired by Richard H. Rowe, and even more by the generous support of persons such as you who contribute materials, memories and monies to help build the museum.

With your sustained support, we can do even more in the years to come. On behalf of my fellow trustees and volunteer leaders, thank you.

Sincerely,



Robert J. Kueppers
President

ON THE COVER: Each of the 34 persons who moderated or participated in one of the Society's 12 online/live and online programs during 2005 is shown on the cover: Linda Thomsen (10-20), Barry Melancon (11-1), Richard Booth (9-20), Ralph Ferrara (10-20), Gary Cohen (3-22), David Ellis (7-27), Wayne Carlin (6-9), Nell Minow (2-15), William McLucas (10-20), Dixie Johnson (6-14), James Jordan (7-27), Theodore Levine (10-20), John McGonigle (3-29), Kathryn McGrath (4-27), Harvey Pitt (6-9), Theresa Gabaldon (4-19), James Riepe (4-27), Kerry Moynihan (4-19), Thomas Morgan (11-1), Mary Schapiro (10-20), Matthew Fink (3-8), Stephanie Plancich (7-27), Richard Phillips (3-22), Robert Plaze (3-29), Annette Nazareth (6-9), Michael Bleier (3-8), Lawrence Mitchell (4-19), David Silver (3-29), Robert Pozen (4-27), Laura Unger (6-14), Martin Lybecker (3-8), Thomas Russo (6-9), Edward Kwalwasser (6-9) and Louis Bevilacqua (9-20).

Highlights of 2005 Report

The Highlights of 2005 is the narrative section of the Securities and Exchange Commission Historical Society's 2005 Annual Report. The 2005 financial statement and list of donors will be published in the 2005 Annual Report later in 2006.

Carla L. Rosati, CFRE, *Editor*

Donald Norwood Design, *Design and Publication*
Scavone Photography and

Rob Tannenbaum, *Photography*

(and images from the virtual museum and archive)

Securities and Exchange Commission Historical Society

The Securities and Exchange Commission Historical Society, a 501(c)(3) non-profit organization, independent of and separate from the U.S. Securities and Exchange Commission, preserves and shares SEC and securities history through its virtual museum and archive at www.sechistorical.org.

The virtual museum and archive makes broadly available primary materials on the impact that the SEC has had on the growth of U.S. and international capital markets since its inception.

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202-756-5015

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Growth of the Virtual Museum and Archive at www.sechistorical.org

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cc: McCutchen, Olney, Mannon & Greene

December 5, 1936 Telegram from Howard A. Judy to Allen Throop, SEC
(courtesy of the National Archives)

Just three years after its debut on June 1, 2002, the Securities and Exchange Commission Historical Society's virtual museum and archive at www.sechistorical.org had its most significant year of development and growth in 2005.

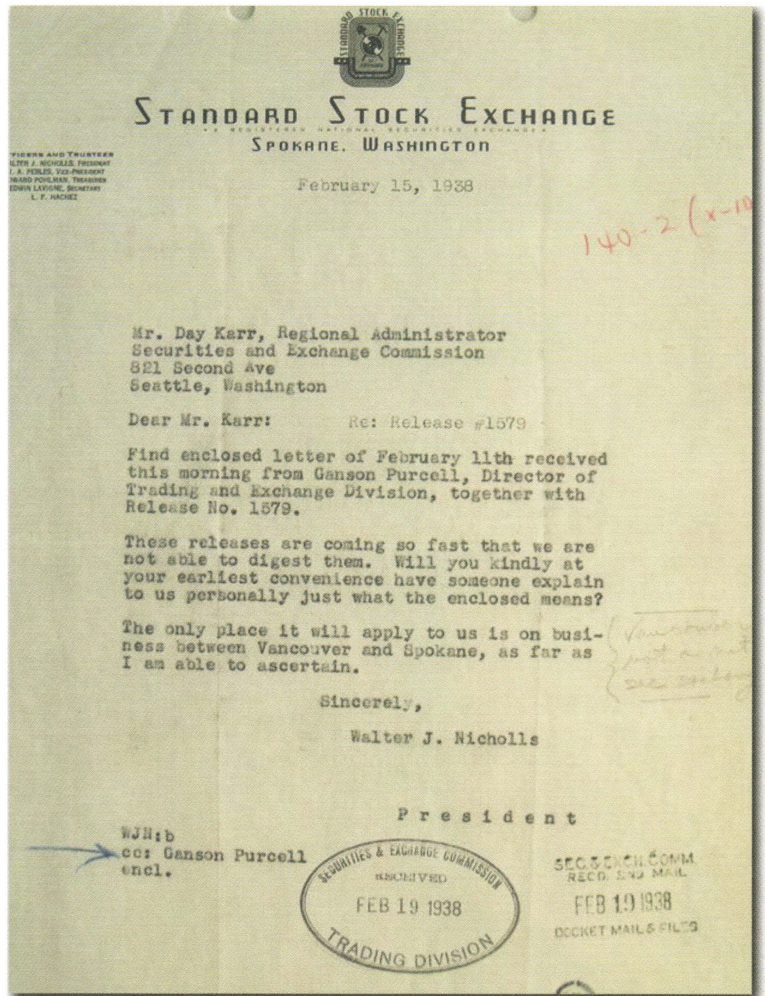
The highlight of the museum's growth occurred at the end of the year, when the inaugural galleries – 431 Days: Joseph P. Kennedy and the Creation of the SEC (1934-1935), and William O. Douglas and the Growing Power of

the SEC (1936-39) – opened on December 1st. These galleries, and future galleries, are designed to facilitate visitor access to key topics in SEC and securities history. Museum visitors now have two options to find materials: 1) by using the search function located throughout the museum to search by name, year or topic; or 2) by clicking on the gallery of their choice, with the relevant materials already identified for them.

“Allow me to warn you again that nothing done by the Government makes stock market speculation safe.”

From the June 15, 1935 letter from SEC Chairman Joseph P. Kennedy to Mr. R. Head (with permission of the John F. Kennedy Library Foundation)

February 15, 1938 letter from Standard Stock Exchange to Day Karr, SEC (courtesy of the National Archives)



Other significant additions to the virtual museum and archive in 2005 included:

- the 1963 Special Study of the Securities Markets, made possible by a gift from the family of Milton H. Cohen, the director of the study.
- oral histories interviews with Lawrence Greene, Howard Hodges, Catherine McCoy, Neal McCoy, Bernard Meltzer, Theodore Sonde and Francis Trainor.
- speeches by John C. “Sandy” Burton.
- comment letters on Rule 10b-10 and Regulation D.
- SEC Annual Reports through 1958.
- a map and addresses of the SEC home offices from 1934 to the present.
- links to SEC papers in presidential libraries.

With the opening of the inaugural galleries on December 1st, the “footprint” of the virtual museum and archive has been set. The organizational infrastructure of the museum – consisting of the Galleries, Online Programs, Papers, Photos, Oral Histories and the Timeline – is now

complete, providing both a sturdy and flexible platform for the continued growth of the collections.

The museum’s collections grew by nearly 50% in 2005, fueled primarily by the accession of nearly 450 materials – papers, photos, oral histories and audio and film clips – collected for the inaugural galleries. This year marked a transition in the Society’s accession practice to a more proactive approach in identifying and adding the materials needed to build the collections, coordinated by the Museum Committee in partnership with professional historians.

What will be added to the collections in 2006?

- At least one new gallery, with the subject to be determined early in the year by the Museum Committee;
- Oral histories interviews with the seven women SEC Commissioners – Cynthia Glassman, Barbara Thomas Judge, Roberta Karmel, Annette Nazareth, Aulana Peters, Mary Schapiro and Laura Unger – and with former SEC Chief Accountants A. Clarence Sampson, Michael Sutton and Lynn Turner; and
- Papers from SEC Commissioner John Evans.

2005 Programs and Partnerships

www.sechistorical.org broadcast a robust schedule of twelve online and live/online programs during 2005, all of which are now preserved in the virtual museum and archive.

The Society's two live/online programs in 2005 were both presented in New York City. "Crisis and Resolve: The SEC and the Securities Industry Remember September 11, 2001" was the focus of the Society's 2005 Annual Meeting, held on June 9th. Harvey Pitt, who served as SEC Chairman during the attacks of September 11th and aftermath, was the keynote speaker. The program was the first Society Annual Meeting to be held outside of Washington, D.C., and the first to attract sponsorships. Kalorama Partners LLC was the principal sponsor, with additional generous support from Pfizer, Inc.; in-kind support was provided by Bear, Stearns & Co. and Deloitte & Touche LLP.

On October 20th, the Society, in partnership with the New York University Center for Law and Business, presented "Enforcement Remedies," moderated by Theodore Levine, Society Chairman, and sponsored, in part, by The Association of SEC Alumni, Inc. (ASEGA).

In March and April, the Society offered a four-part series on Developments in the Mutual Fund Industry, coordinated by Matthew Fink, Martin Lybecker and Richard Phillips of the Society's Advisory Council. The series looked at the role of banks, insurance companies and money market funds in the industry, and concluded with a discussion of recent developments.

The Society's fireside chats – our signature interactive online program series – was moderated in 2005 by Professor Theresa Gabaldon of The George Washington University Law School, and featured discussions on shareholder rights (February 15th), executive compensation (April 19th), Regulation FD (June 14th), cross-border regulation (September 20th) and professional responsibility (November 1st). Pfizer, Inc. helped to sponsor the series.

Professor Gabaldon returned on July 27th to moderate "The Best of NERA II," with presentations from NERA



William McLucas, Mary Schapiro and Theodore Levine during the discussion at the October 20th "Enforcement Remedies" program.

Economic Consulting's annual Finance, Law and Economics Securities Litigation seminar, sponsored by NERA.

The Society was also invited to partner in 2005 with:

- The George Washington University, for the 25th Annual Manuel F. Cohen Lecture on March 23rd. SEC Commissioner Harvey Goldschmid was the speaker.
- Fordham University School of Law, for the 6th Annual A.A. Sommer, Jr. Corporate Securities and Financial Law Lecture on November 17th. Edward F. Greene was the speaker.

What will be online in 2006? The Society's Annual Meeting will be held at the SEC on June 6, 2006, marking the 72nd anniversary of the SEC, with a discussion on "The Critical Role of Accounting and Financial Reporting in the Capital Market System." Professor Gabaldon will return as moderator of the 2006 fireside chats, with programs looking at online fraud, the development of EDGAR, behavioral economics, and "The Best of NERA 2006." In addition, the Society will partner with the Brooklyn Law School on March 31st on a symposium on "New Models for Securities Law Enforcement."

Museum Visitors in 2005

In 2005, the virtual museum and archive at www.sechistorical.org attracted a record 27,039 visits, far surpassing the 2004 visit total of 9,000.

Papers edged out Online Programs as, once again, the most visited section of the museum, followed by the Timeline, Photos and Oral Histories.

The Galleries, while opening towards the end of the year, attracted more than 1,200 visits.

Recognition and Presentations

- The CPA Journal named www.sechistorical.org Website of the Month for May.
- The Washington Post referenced the virtual museum and the work of the Society in articles in June on the changes at the SEC.
- The contents and use of the virtual museum and archive were featured in presentations to:
 - Fried Frank Harris Shriver & Jacobson LLP in Washington, D.C. in February.
 - Beus Gilbert PLLC in Scottsdale in April.
 - SEC International Institute in April.
 - SEC Business Associates in September.
 - Law Librarians' Society of Washington, D.C. in December.
- The UK Social Science Information Gateway (SOSIG) linked the virtual museum and archive

What Our Visitors Said

"I think the work of the Society is extremely important – maintaining the sense of history that has always been a part of this place is one of the things that makes the institution so great and so special."

LINDA THOMSEN, U.S. SECURITIES AND EXCHANGE COMMISSION

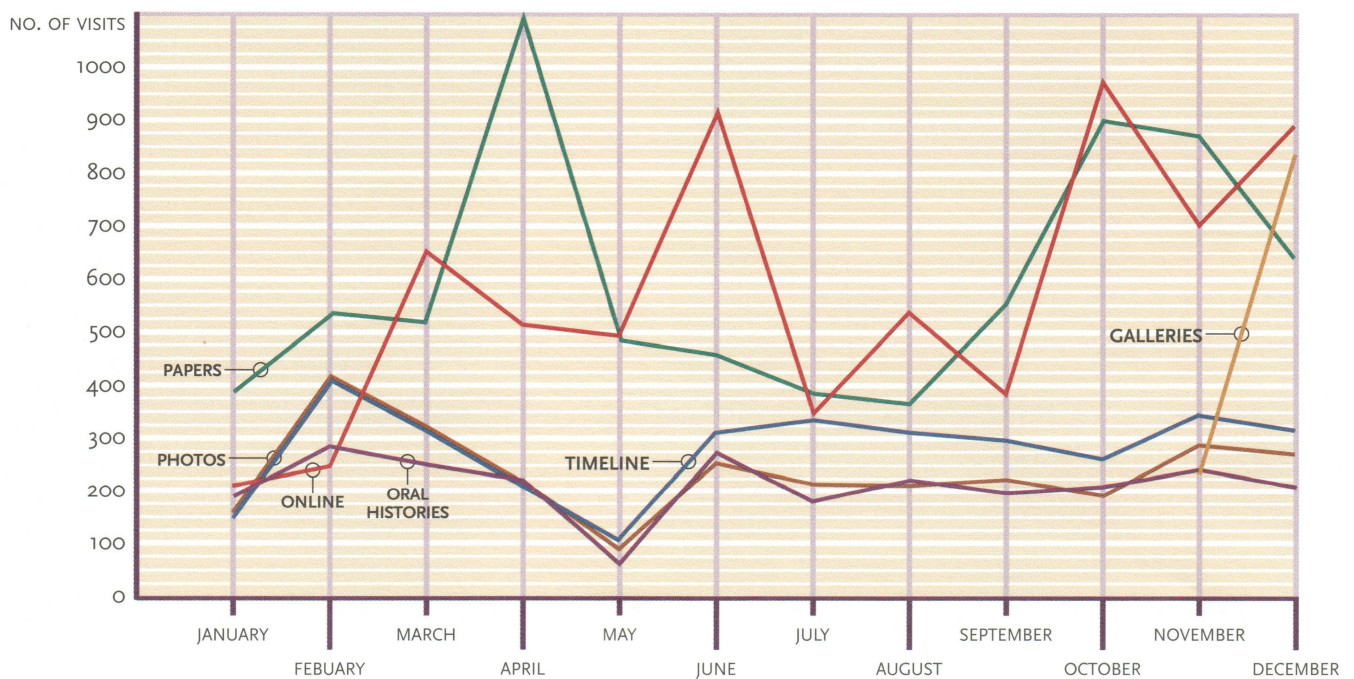
"The materials on your site have been of great assistance to us several times since we discovered it. We appreciate this vital role you are playing in providing access to this frequently requested but sometimes difficult to obtain information."

JILL SIDFORD, SHEARMAN & STERLING LLP

"The activities of the Society are top notch...and the website is turning into a great historical archive. I only wish I had more time to spend at it."

PAUL DUDEK, U.S. SECURITIES AND EXCHANGE COMMISSION

to its collections in July. In January, the oral histories in www.sechistorical.org will be linked to www.inthefirstperson.com, a database of online oral histories interviews from academic institutions and libraries.



Thanks to Our 2005 Institution Donors

The Securities and Exchange Commission Historical Society thanks the following institutions which have joined in support of the Society in 2005:

The 1934 Circle

(GRANTS OF \$25,000 AND MORE)

Kalorama Partners LLC

The FDR Circle

(GRANTS OF \$10,000 TO \$24,999)

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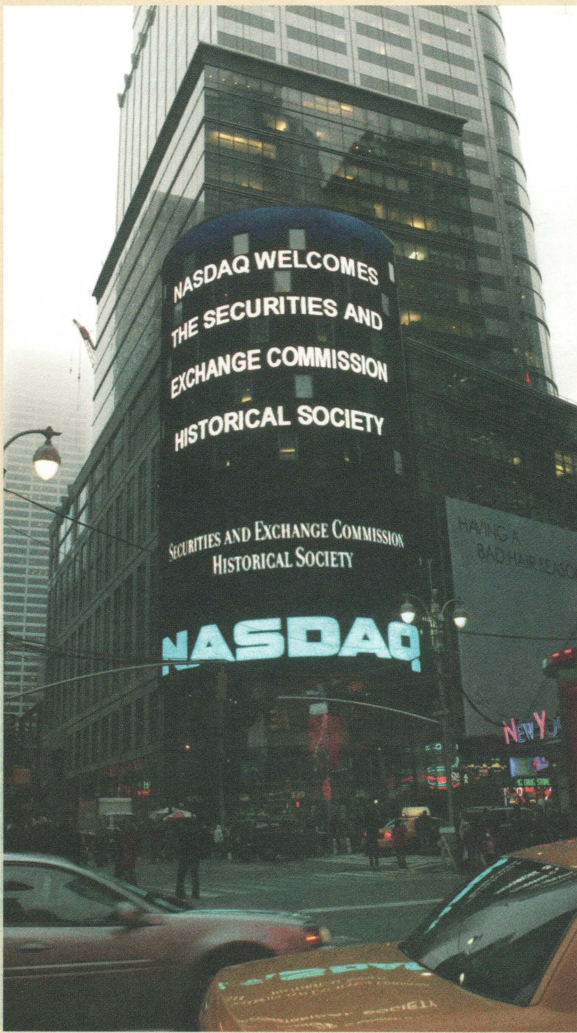
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On December 29th, the Securities and Exchange Commission Historical Society was invited to participate in the NASDAQ Closing Bell Ceremony in New York City. The ceremony was broadcast on CNBC, CNBC Asia, CNN International, New Tang Dynasty TV, Bloomberg and Bloomberg Brazil, and is now archived at www.nasdaq.com under MarketSite Events. (Left) The NASDAQ Tower overlooking Times Square prior to the ceremony. (Below) Ben Indek, Morgan Lewis & Bockius LLP; Carla Rosati, Society Executive Director; Peggy Foran, Pfizer, Inc.; Robert Kueppers, Deloitte & Touche LLP; John Ramsay, Citigroup; Theodore Levine, Wachtell Lipton Rosen & Katz; Jeff Caplan, NASDAQ; and Anne Flannery, Morgan Lewis & Bockius LLP joined in the ceremony.

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SECURITIES AND EXCHANGE COMMISSION HISTORICAL SOCIETY

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