

*Webrule***DRAFT****MEMORANDUM**

TO: SEC Historical Society
FROM: Richard M. Phillips
DATE: April 24, 2002
SUBJECT: Proposal for Development of Virtual Museum

This memorandum elaborates on the concept initially discussed at the March 20th Executive Committee Meeting. I had suggested that the Society organize a group of committees that reflect various areas of SEC regulation such as enforcement, investment companies, markets, broker-dealer regulation, inspection, regional offices, and the like. Each committee would be charged with developing activities of importance to the areas of their interest, initially product for the virtual museum of the Society. The virtual museum would include selected documents, oral history transcripts, and transcripts of programs focused around important regulatory and enforcement developments and the persons, both inside and outside the Commission, who participated in those developments.

The Trustees would appoint a chair and perhaps a vice-chair of each committee. It would be the responsibility of the chairs and vice-chairs to recruit additional committee members from SEC alumni and other persons who are interested in the work of the committees. Presumably many of the members would be retired and semi-retired persons who would be interested in reliving and recording for posterity their SEC experience and the experience of others with whom they worked.

The list of possible topics is limited only by the imagination and resources. For example, the enforcement committee could focus on a laundry list of watershed cases such as the Levine-Boesky-Millken episode with the idea of gathering together public information in the Commission's files, information in the files of participants, supplementing that information with oral histories from participants in the event, including oral histories of defendants who might want the opportunity to tell and preserve their perspective on the case. The enforcement committee need not be limited to particular cases. It could focus on particular enforcement programs such as the impact of Watergate on the enforcement program in the 1980s or, from a regional office perspective, a collection of significant cases brought by a particular regional office during a particular era.

Other sectors of Commission regulation are also appropriate for the organization of specialized committees. My preliminary suggestions include the following:

A. Investment Company Committee

1. The 1970 Amendments to the 1940 Act .
2. The development of Rule 12b-1.
3. The evolution of fund governance.
4. The evolution of the mutual fund prospectus – from regulatory mechanism to plain English disclosure.
5. The development of the money market fund, including the stable.
6. The development of Exchange Traded Funds.

B. Market Regulation

1. The impact of the Re case on exchange regulation.

2. The elimination of fixed commission rates.
3. The development of self-regulatory organizations, including the NASD enforcement action.
4. The rise of ECNs.
5. The development of the national market system.
6. The globalization of the markets.

C. Corporation Finance

1. The legislative effort to enact Frear-Fullbright.
2. The Integration of the '33 and '34 Acts.
3. The Impact of the Wheat report.
4. The Politics of Adopting Rule 415.
5. The Evolution of the '33 Act Prospectus.

D. General Counsel

E. Enforcement

The success of the Committees will be highly dependent on the leadership, enthusiasm and energy of the committee chairs and co-chairs and their ability to build a cohesive and focused committee membership. The objective of each committee should be the development of highly valuable collections that contain historical documents from Commission and personal files, transcripts of oral histories and transcripts of conferences or roundtable programs oriented around important regulatory developments. The committees would provide a mechanism for involving large numbers of Commission alumni and other participants in the evolution of securities regulation to become involved in the activities of the Society and provide a base of

involved members on which to build a larger and more active organization. It also would be an activity conducted by volunteer members and should require a minimum of financing.