



SECURITIES AND
EXCHANGE COMMISSION

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PRESS RELEASE

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OPENING STATEMENT

OF THE

HONORABLE HAROLD M. WILLIAMS, CHAIRMAN
SECURITIES AND EXCHANGE COMMISSION

AT THE

COMMISSION CONSIDERATION OF
PROPOSAL TO AMEND FORM X-17A-5

ON JANUARY 1, 1976, THE COMMISSION ADOPTED THE FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT, COMMONLY REFERRED TO AS THE FOCUS REPORT, A REPORT UTILIZED TO DETERMINE THE FINANCIAL CONDITION OF BROKER-DEALERS AND TO ENSURE COMPLIANCE WITH THE FINANCIAL RESPONSIBILITY RULES. THE FOCUS REPORT WAS DESIGNED TO ELIMINATE ALL OF THE OVERLAPPING REGULATORY REPORTS REQUIRED OF BROKER-DEALERS BY VARIOUS SELF-REGULATORY GROUPS AND THE COMMISSION AND THEREBY REDUCE REPORTING BURDENS ON BROKER-DEALERS AS MUCH AS POSSIBLE. IN THE ADOPTING RELEASE, THE COMMISSION EXPRESSED ITS INTENT TO REVIEW PERIODICALLY THE FOCUS REPORT IN ORDER TO CONTINUE MODIFYING AND UPDATING THE FINANCIAL AND OPERATIONAL REPORTING SYSTEMS TO KEEP PACE WITH THE CHANGING SECURITIES INDUSTRY. TODAY THE STAFF, AFTER A JOINT REVIEW BY THE DIVISION OF MARKET REGULATION AND THE DIRECTORATE OF ECONOMIC AND POLICY ANALYSIS, IS RECOMMENDING THAT THE COMMISSION ANNOUNCE PROPOSED AMENDMENTS TO THE FOCUS REPORT.

THE PROPOSED AMENDMENTS WOULD REVISE AND CLARIFY CERTAIN FINANCIAL AND OPERATIONAL REPORTING REQUIREMENTS OF THE FOCUS REPORTING SYSTEM AND WOULD REQUEST SOME ADDITIONAL INFORMATION. THE AMENDMENTS ARE INTENDED TO PROVIDE MORE USEFUL ANALYTICAL INFORMATION THAT WILL ASSIST THE COMMISSION AND THE SELF-REGULATORY ORGANIZATIONS IN UNDERSTANDING AND MONITORING THE OPERATIONS AND FINANCIAL CONDITION OF BROKER-DEALERS, ESPECIALLY WITH RESPECT TO EVOLVING PROBLEM AREAS AND IN EVALUATING THE LIKELY EFFECT ON EXISTING REGULATIONS AND FUTURE RULEMAKING BY THE COMMISSION. FURTHER, THE PROPOSED AMENDMENTS ARE DESIGNED TO DEFINE ITEMS MORE CLEARLY SO INFORMATION WILL BE REPORTED IN A CONSISTENT MANNER BY ALL FIRMS AND TO STREAMLINE THE FOCUS REPORT AND ASSOCIATED REQUIREMENTS SO THE REPORTING BURDEN ON BROKER-DEALERS IS MINIMIZED CONSISTENT WITH THE ATTAINMENT OF REGULATORY REFORM.

I WOULD LIKE TO COMMEND THE STAFFS OF THE DIVISION OF
MARKET REGULATION AND THE DIRECTORATE OF ECONOMIC AND POLICY
ANALYSIS FOR THEIR JOINT EFFORT IN REVIEWING THE FOCUS REPORT
AND PROPOSING THESE AMENDMENTS. FURTHER, I WOULD LIKE TO EXPRESS
MY APPRECIATION TO THE MEMBERS OF THE INDUSTRY WHO PROVIDED THEIR
VIEWS ON CHANGES TO THE REPORTING SYSTEM WHICH PROVED TO BE
INVALUABLE HELP TO THE COMMISSION STAFF.