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May 28, 2004

Mr. Jonathan G. Katz
Secretary
Office of the Secretary
Mail Stop 0609
United States Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549

Re: Release No. 34-49505; File No. S7-18-04 - Proposed Rule changes of
Self Regulatory Organizations

Dear Mr. Katz:

We appreciate the opportunity to comment on the Commission's proposal with respect to proposed rule changes of self-regulatory organizations (SROs). This firm represents a number of clients in the securities industry that are affected by the rule proposals of SROs, as well as some of the individual SROs themselves. We rely regularly on access to both current rules and rulemaking proposals by SROs to advise our clients.

A. *The Commission's Efforts are Long Over-Due*

We believe that the Commission's proposal represents a substantial improvement over the current process in which: (1) only a portion of the SRO rulemaking proposals are available on the Commission's website; (2) only a portion of SROs publish their rule filings on their own websites; (3) there often is a significant delay before SRO filings are delivered and accessible in hard copy from the Commission's public reference room; or, (4) the filings may be missing from the public reference room because they are taken from the appropriate file. The Commission's failure to facilitate transparency in the filings by SROs through the internet, is in marked contrast to its policies for many years of requiring electronic EDGAR filings and posting of disclosure on the Commission's website by every public company. This is a proposal that is long overdue.

B. Website Posting Requirements for SROs Should not be in Lieu of Publishing All SRO Filings on the Commission's Own Website

We applaud the current effort by the Commission to improve the transparency of SRO filings. Nevertheless, the requirement that all SROs publish rule proposals on their own websites should not be a substitute for efforts by the Commission to publish those same filings on its website. Our experience to date is that even among those SROs that regularly post their filings, the filings may be difficult to locate on the SRO's websites.

Posting all SRO filings on the Commission's website would:

- increase public awareness of SRO proposals that may affect non-members;
- invite greater public debate by allowing for an electronic comment process similar to that which is used with respect to Commission rulemaking;¹ and,
- enhance the transparency of the SRO rulemaking process by allowing commenters to easily view other comments and address competing arguments.

In addition, we note that utilization of the Commission's website would assure uniform storage and retrieval of regulatory filings for research purposes, long after the SRO is required to maintain those same records.

Finally, for proposals that become effective immediately, the one day grace period is too long. It has been our experience that from time-to-time SROs will begin assessing fees based on the new rules before any members of the industry affected by the filing have had a chance to review them. In short, we believe that SRO rule filings should be afforded the same transparency as Commission rule proposals - and the electronic filings of public companies through EDGAR.²

C. SRO Rules Should be Made Available to the Public

We also applaud the Commission's proposal to require that SROs maintain a current copy of their rules on their website. We, and many other firms, invest significant amounts of money in libraries that contain current or static versions of the rules of the SROs. We also regularly access the rules available on the NASD website. However, we find it troubling that the NYSE and other SROs often do not maintain a current version of their rules that are available to the public electronically, and without charge. We agree that each SRO's rules should be accessible to the public on that SRO's website.

¹ The Commission alludes to this same benefit in the context of filings on the SRO websites, but does not indicate how specifically this would be accomplished.

² We previously have been advised that the failure of the Commission to undertake this initiative was due to insufficient resources. We would hope that this effort would be a greater priority of the Commission.

D. National Market System Plans Should be Posted on the Commission's Website

The Commission also requested comment on the filings of the various national market system plans. In our experience, the actual plans themselves are very difficult to obtain on short notice.³ They are impossible to locate through the Commission's public reference room. And, complete, up-to-date versions of the plans are difficult to obtain except through the plans themselves. Moreover, the administrators of the plans often are slow to reflect agreed-upon changes in the plans themselves. It is our view that as the plans have become increasingly important to the public policy debate, they should be easily accessible to all investors, regulated entities, and interested persons through the Commission's website.

E. Conclusion

We appreciate and support the Commission's proposals. We would be pleased to speak with you directly and provide you with any other information or perspective that might be helpful.

Sincerely,

A handwritten signature in black ink, appearing to read 'Edward L. Pittman', with a stylized flourish at the end.

Edward L. Pittman, Esq.

³ Typically, the Commission references the original plans as reflected in Commission releases issued ten to twenty years earlier, which may be difficult to locate. These releases also do not reflect changes in the plans on an integrated basis.