UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

THE CHAIRMAN

October 25, 2000

The Honorable John D. Dingell
Ranking Minority Member
Committee on Commerce
U.S. House of Representatives
2322 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Dingell:

I am writing to inform you that I have heard from several sources that Congressman Henry Bonilla (R-TX) intends to attach a rider to the Labor, Health and Human Services, and Education Appropriations bill that would delay the Commission's ability to adopt an auditor independence rule for six months.

As you know, I believe that there is no legitimate public policy reason for such a delay. Rather, I fear that the purpose of a delay is to derail the Commission's efforts to craft a rule that will protect the public interest while remaining mindful of the concerns of the accounting profession. In my judgment, delay would be a disservice to America's investors.

Our rulemaking process in this area has been open and flexible. The comment period for the rule was longer than more than eighty percent of the rules promulgated by the Commission over the last year. We have received more than 3,000 comment letters in total. To further enhance public debate on the proposed rule, we took the unusual step of holding four public hearings at which we heard from more than 100 witnesses testifying on the rule. We continue to listen to and consider the concerns of affected parties. For these reasons, I feel strongly that a legislative delay of the Commission's rulemaking would be unwarranted and counterproductive.

As you know, we are determined to find a consensus solution to our differences with the accounting profession in the short term. I am optimistic that with the continued open dialogue to which my staff and I are committed, a solution can be reached that protects investors by preserving independence, without unduly burdening the accounting profession. Arbitrary timetables imposed by a rider would hinder, rather than help the parties reach these mutual goals.

Sincerely,

Arthur Levitt