"provide for the establishment and maintenance" of this information service. I wish to make it clear that it is entirely within the Commission's authority and consistent with the intention of this provision for the Commission to delegate the responsibility to establish and maintain this service to a third party, as the Commission has done for purposes of the information service provided pursuant to section 15A(i) of the Securities Exchange Act of 1934. It is also consistent with the purposes of title III that such a third party be able to charge reasonable fees of commercial users of the information service.

SECURITIES AND EXCHANGE COMMISSION,
Washington, DC, February 12, 1997.

Hon. THOMAS J. BLILEY,
Chairman, Committee on Commerce, U.S. House of Representatives, Washington, DC.

DEAR CHAIRMAN BLILEY: I am writing to request that Congress extend the effective date of Title III of the National Securities Markets Improvement Act of 1996 for 90 days, from April 9 to July 8, 1997. Title III reallocates regulatory responsibilities over investment advisers between the states and the Commission.

The Commission has made substantial progress in completing the many rulemaking directives given to the Commission in the Improvement Act. In October, the Commission proposed a rule providing a safe harbor to allow journalists access to off-shore press conferences. In December, we proposed rules implementing new exemptions from the Investment Company Act for pools sold only to qualified investors. The Commission also proposed, on December 18, 1996, rules to implement Title III.

The Commission is making every effort to meet the legislative deadlines of the Improvement Act. Our rule proposals were issued only two months after the legislation was enacted, and the comment period for the proposals ended earlier this week. While we believe the Commission should be able to finish work on the adoption of the proposed rules by April 9, the effective date of Title III, we are very concerned that this timetable is likely not to afford investment advisers sufficient time to examine the new rules, consult with counsel as to their continuing regulatory status, and properly complete and submit the required forms.

We are also concerned about the effect of the April 9th effective date on state regulatory programs. As you know, Title III assigns important responsibilities for the regulation of investment advisers to state regulators. Because Title III will become effective on April 9th (whether or not the proposed rules are adopted), state law will be preempted as to all advisers still registered with the Commission, including those advisers that will be exclusively regulated by the states. If all (or most) advisers remain registered with the Commission on April 9 because they have not submitted the required forms, much of state investment adviser laws will be preempted, compromising state regulatory and enforcement programs.

By dividing jurisdiction over the 22,500 advisers currently registered with the Commission, the Improvement Act promises to provide more efficient and effective regulation of the investment advisory industry. The Commission strongly supported the enactment of the Act and has moved quickly to implement its purposes. We believe that by providing an additional 90 days, Congress will allow investment advisers adequate time to meet their obligations under the new rules and will avoid disrupting state regulatory efforts that are important if the goals of Title III of the Improvement Act are to be achieved.

If I or any of the Commission staff can answer any questions, please do not hesitate to contact us.

Sincerely,

ARTHUR LEVITT,
Chairman.

THE INSTITUTE OF CERTIFIED FINANCIAL PLANNERS,
Denver, CO, March 12, 1997.

Hon. MICHAEL G. OXLEY,
U.S. House of Representatives,
Washington, DC.

DEAR CONGRESSMAN OXLEY: The Institute of Certified Financial Planners[13] is strongly in support of S. 410, a bill which would extend the April 9 effective date of the Investment Advisers Supervision Coordination Act (the "Coordination Act") by 90 days. We offer two basic but highly important reasons for supporting this delay in the effective date to July 8, 1997.

First, as a professional association involved in the original legislative process, we are fully aware of the substantive changes made to the Investment Advisers Act of 1940 that led to the current regulatory challenges facing the Securities and Exchange Commission (the "SEC"). And we strongly commend the SEC on having successfully met the initial challenge of the implementation process by issuing a proposed rulemaking within a tight deadline and addressing all of the critical issues raised thereunder. We are concerned, however, that the remaining amount of time is not enough to address the many formal comment letters (including our own) which were submitted prior to the February 10 deadline—a total of about 80 mostly substantive comment letters—as we understand it. We believe that the SEC needs additional time to properly respond to the issues raised by these comments, resulting actions that will result in a momentous sea-change of regulation for 22,000-plus registered individual investment advisers and firms.

Second, as you are aware, up to 80 percent of all current SEC registrants will withdraw their registration and be subject to state regulation. Once the SEC approves the final rulemaking, additional time is necessary to adjust to the new regulatory environment. The SEC must have adequate time to distribute the final published forms, and current registrants must have time to digest the new mandates, and return the appropriate forms for de-registration or continued federal registration. Further, the Institute and others raised questions about the ability of certain advisers to be able to report accurately, for example, the aggregate assets under management without some minor changes in the reporting requirements suggested in the proposed rulemaking. For many of these registrants, the proposed rulemaking itself raised new questions and issues. No doubt the final rule also will generate some additional questions, but even if the major issues are clarified, the unique nature of each individual adviser's practice will leave some questions unanswered.[14]

This situation, while obviously smaller in scale, is not unlike Congress passing major tax legislation at the end of the year, and leaving the Internal Revenue Service little time to clarify certain aspects of the new tax code that affect thousands of Americans. Distributing new 1040s and related forms within a month of April 15th would no doubt be disastrous.

For the above reasons, we strongly support S. 410 and thank you for supporting the original conference report. An additional 90 days should be more than adequate time to allow the SEC to properly fulfill its mission and for registrants to properly comply with the new changes.

I would be happy to respond to any questions that you might have regarding the above comments.

Sincerely,

JUDY LAU, CFP,
President.

[13] The Institute of Certified Financial Planners is a Denver-based professional organization representing 11,000 Certified Financial Planner members nationwide. The Institute serves as a resource to federal and state legislators on issues related to financial planning.

[14] The questions received from members are of course too numerous to recount in this letter. To provide one example not addressed in the proposed rulemaking was a situation involving an SEC-registered adviser in the state of Ohio which has no state investment adviser statute. The adviser provides personal advice to a few clients but primarily offers through her advisory firm investment management seminars in other states, on behalf of corporations which administer their own 401(k) plans, or on behalf of other investment management firms that contracted them to perform this specific service. It was not clear to this person whether the adviser's employees who provided advice on these 401(k) plans would be subject to state or federal registration or notice filings, etc., as investment adviser representatives, supervised persons, etc., under the proposed rulemaking. This unique situation is one of many that undoubtedly will not be addressed under the final rulemaking.

GREEK INDEPENDENCE DAY, 176 YEARS OF FREEDOM AND DEMOCRACY

SPEECH OF

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1997

Mr. PORTER. Mr. Speaker, I rise along with many of my other colleagues to commemorate Greek Independence Day. On March 25, 1821, Greece became independent of the Ottoman Empire and began its long, and sometimes difficult, journey back to democracy, freedom, stability, and prosperity.

As the birthplace of democracy, Greece has always been a special place for America and Americans. In this diverse and culturally rich land, we see ourselves, our hopes, our past and our future. I am pleased to rise today as a friend of Greece and the Greek people, and congratulate them on their dynamic society and their triumph of will.

As our NATO ally and partner in the global village, we work closely with Greece to bring about goals of mutual aspiration and concern. I must take this opportunity to thank and congratulate the Greek Government for the positive role that they are playing in mediating with the Serbian government in a quiet, behind the scenes manner—they have been effective where others have failed in persuading Milosevic to loosen his strangle-hold on Serbia and begin moving toward reform. I also call on them to be this same kind of force for good with their neighbor Albania during these difficult days for that country.

I congratulate Greece on its efforts to mend fences with its neighbor Turkey and resolve their differences. While these overtures have not always been well received, the effort is always worth making, and Greece is the better for these efforts.

I thank my colleague, MICHAEL BILIRAKIS from Florida, for organizing this special order, and I appreciate his leadership on this issue. I have enjoyed working with him on a wide range of human rights issues, and I look forward to continuing to do so in the future. I also thank the Greek-American community for holding Members of Congress to a high standard, and supporting the work that we do in the Congress. This is a special day for all of us—I look forward to celebrating it every year and sending fondest good wishes to Hellenes all over the world.

PRIVATIZING SOCIAL SECURITY

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1997

Mr. CRANE. Mr. Speaker, the Social Security system in the United States is headed toward bankruptcy. Neglecting to discuss fundamental reforms of this program, will only lead to last minute band-aid solutions, which means Congress will be back dealing with the issue again, sooner rather than later. Instead of deciding how best to extend Social Security's solvency, past arguments in Congress have sadly focused on blame shifting between political parties—more about who is trying to cut Social Security and less about how to save Social Security.

I am inserting an article in the RECORD which was published in the Wall Street Journal, that includes several ideas for privatizing our Social Security System. While some may be unsure that privatization is the long-term solution to Social Security, I submit this article in the hope it will generate discussions on this issue. I hope my colleagues have a few minutes to review this article, and will look at fundamental reform of Social Security as the only way to truly address the issue at stake:

[From the Wall Street Journal, Jan. 16, 1997]

SOCIAL SECURITY PRIVATIZATION IS HERE

(By E.J. Myers)

The report issued last week by President Clinton's Advisory Committee on Social Security has confused more than a few concerned citizens—not just because of its heavy dosage of technical jargon, but also because the committee itself was incapable of reaching a clear consensus on what to do about Social Security. And now there are serious questions about whether the technical jargon spun out by the committee is even worth the graph paper it's printed on. It appears that the old adage about a camel being a horse put together by a committee was right on target. And when that committee is based in Washington, the camel is likely to end up with three humps.

While Washington may be incapable of putting together a solution for a problem of its own making, the rest of us don't have to give up on Social Security reform. In fact, from Thomas Jefferson to Howard Jarvis, Americans have a long tradition of trumping central government dictates with local solutions that work. And in south Texas, along the windswept Gulf Coast, there are three history-filled counties—Galveston, Brazoria and Matagorda—that years ago put into effect Social Security privatization plans that Washington policy wonks still haven't even conceived of.

BEAUTIFUL SIMPLICITY

Until the early 1980s, state and local governments had the right to opt out of Social Security and establish their own retirement systems for public employees. This option was provided by the Social Security Act, passed in the 1930s.

Galveston County looked into this idea in 1979. Then-County Attorney Bill Decker asked Don Kebodeaux, president of First Financial Capital Corp. of Houston, to devise a plan for the county's employees to opt out of Social Security. Mr. Kebodeaux and First Financial's Rick Gornto designed a retirement plan that was many times better than Social Security program. In 1980 they presented their plan to former Galveston County Judge Ray Holbrook, County Attorney Bill Decker and the Commissioners Court, the county's administrative body.

The first beauty of the plan was its simplicity. The 6.13% payroll tax that the federal government had been taking from county employees for Social Security would now go into the employees' pension fund and would be matched by the county with an additional 6.13%. The new plan included the same employee benefits Social Security did: pensions and life and disability insurance. In recent years the county has increased its participation to 7.65%, which covered the payments of all premiums for life and disability insurance. The life insurance benefit for those under age 70 is 300% of one's annual earnings; the minimum benefit is $50,000 and the maximum $150,000.

The local unions fought the idea at first, and several Galveston County officials also opposed the action. Many spirited debates between Social Security representatives and the men from First Financial were held throughout the county; county employees listened carefully and made sure they got answers to all their questions. Voting on the question was held in 1981. By a resounding margin of 78% to 22%, the Galveston County employees endorsed the idea and the county opted out of Social Security.

Years later, a retired Mr. Decker told the story of how a number of unionized county workers thanked him for his wisdom and guidance. They said that at first they had serious doubts about giving up Social Security's guarantee of fixed income, but that now that they were getting ready to retire with significantly higher benefits, they were very happy they did.

''Of all the things I accomplished while county judge, setting up this retirement system for Galveston County employees is one of my proudest achievements,'' says Judge Holbrook, who retired in 1994. He points out that after just 12 years of service under the alternate plan he is now receiving twice as much as he would have under Social Security.

Seeing the tremendous potential in a plan like Galveston's, in 1982 Brazoria County opted out of Social Security in favor of a similar plan. A year later Matagorda County did, too. Both of these counties made their employees' contributions 6.7%, improving a great retirement plan by providing for even greater returns.

Tolbert Newman, the First Financial fund manager who oversees the retirement plans for these three counties, cites the following example of the growth that can be achieved in such an alternate pension fund. If an individual begins working at 25 years old and makes a $2,000 annual contribution for just 10 years, assuming an 8% interest rate, he will have $314,870 when he retires at age 65. If an employee works continuously for 40 years, depending on contributions, his portion of the pension fund could be more than $1 million.

Galveston's once-fledgling employee benefit plan has stood the test of time, showing that it can and does outperform Social Security. Today, with more than 5,000 employees from these three counties, First Financial has grown a very healthy and sizable portfolio. Those who retire after 20 years of service will receive three to four times the monthly benefit they would have under Social Security.

This plan is not just an isolated act by a group of extraordinarily responsible and dedicated Texans. In 1937 the Houston Fire Department set up its own retirement system, which now has more than $1 billion in assets. Retired firefighters receive more than three times the amount Social Security pensioners do. There are countless other examples of other local and state governments showing the same responsibility and initiative. Five states have opted out of Social Security and have their own plans: California, Nevada, Maine, Ohio and Colorado.

Congress knows that privatization will succeed—or it should know. In 1984 it set up the Thrift Savings Plan, for government employees only, whose ''C'' Fund is administered entirely by Wells Fargo Funds and has succeeded well beyond anyone's imagination. The plan's three funds today total more than $28 billion. Under the Thrift Savings Plan, if an employee making $35,000 per year invests 10% of his pay each year, after 30 years he will have more than $1.2 million in the retirement fund.

In August 1996 Frost Bank of San Antonio published a survey on Social Security in which 40% of its respondents strongly supported retirement accounts consisting of stocks and bonds and 55% opposed raising payroll taxes.

If Social Security were privatized for all Americans, those who work in the private sector, including the self-employed, would benefit as never before. Phasing out the employer's share of the Social Security tax would, over time, return to the business community more than $169.2 billion per year. Freedom from these payroll taxes would be a tremendous boon to the economy, allowing the creation of countless new jobs in every sector.

A WINNER FOR DECADES

''We currently pay over $1.3 million in matching Social Security taxes annually,'' says Larry N. Forehand, president of the Texas Restaurant Association and founder of Casa Olé Mexican Restaurants, a fast growing Texas restaurant chain. ''If our company had that $1.3 million a year to invest in new locations, we could build six additional restaurants, employ an additional 450 people and add $7.2 million to the economy every year. It is estimated that all the restaurants in Texas will save $1.2 billion per year.''

Privatization has been a winner for decades for various government entities. It's time to extend the benefits to all.

THE MICROCREDIT FOR SELF-RELIANCE ACT OF 1997

HON. AMO HOUGHTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1997

Mr. HOUGHTON. Mr. Speaker, I rise today with my good friend and colleague, TONY HALL, and a bipartisan group of over 20 other Members, to introduce the Microcredit for Self-Reliance Act of 1997.

The goal of this bill is to help impoverished people around the world achieve dignity and economic independence for themselves and their families through microenterprise—a program designed to help provide people with small, low interest loans to start a business and bring themselves out of poverty.

Specifically, the Microcredit for Self-Reliance Act is a vehicle through which the United