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December 15, 2010

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Proposed Rules for Implementing the Whistleblower Provisions of Section 21F of the Securities Exchange Act of 1934
File No. S7-33-10

Dear Ms. Murphy:

I appreciate the opportunity to provide comments to the Securities and Exchange Commission (the "Commission") on one aspect of the proposed rules (the "Proposed Rules") for implementing the Whistleblower Provisions of Section 21F of the Securities Exchange Act of 1934.

ISSUE

One of the most difficult issues presented by the Proposed Rules is, in the words of the proposing release at page 35, "the intersection between Section 21F and established internal systems for the receipt, handling, and response to complaints about potential violations of law." The Commission has particularly sought recommendations on "structures, processes, and incentives" that would "strike the right balance between the Commission's need for a strong and effective whistleblower awards program, and the importance of preserving robust corporate structures for self-policing and self-reporting."

PROPOSAL

To strike that right balance, I would propose that a distinction be made between large and small issuers and that with respect to large issuers (either WKSI's or large accelerated filers) potential whistleblowers be required to utilize in-house complaint and reporting procedures before making a submission to the Commission.

RATIONALE

- There are many areas of the securities laws in which the Commission makes distinctions between large and small issuers.

- Congress, in Section 301 of the Sarbanes-Oxley Act of 2002, mandated that company audit committees establish internal procedures for the treatment of complaints and submission of concerns.
- In response to Section 301 of Sarbanes-Oxley, large companies with substantial resources have allocated money, personnel and other resources to enhance or create robust internal processes to receive complaints on a wide variety of issues and at the same time offer assurances of confidentiality.
- Large issuers have the resources to dedicate and train staff to oversee internal "hot lines" and to interface with external "hot lines;" these personnel are capable of appropriate follow-up to tips that are received while being sensitive to desired confidentiality.
- The proposal made above will support the strong company compliance programs that have been developed.
- Appropriate language changes can be made to other provisions of the Proposed Rules (for example, provisions relating to "voluntarily" and "original information") so that potential whistleblowers would not be prejudiced by the requirement to pursue an internal system before going to the Commission. For example, the date of filing an internal complaint could be deemed by the Commission as the date of filing with it.
- The proposal made above would, more fully than the current proposal, reconcile the Congressional mandates reflected in Section 301 of Sarbanes-Oxley and Section 922 of Dodd-Frank.
- Through its maintenance of lists of WKSIs and large accelerated filers, the Commission's staff could easily advise a potential whistleblower in a particular case whether prior use of the applicable company's internal compliance program is required.
- The Commission would benefit from the proposal made above because matters, when received by the Commission either as a result of self-reporting or from a whistleblower, will have been more fully vetted and investigated than the "raw" complaints the Commission is likely to receive under the Proposed Rules. Therefore a decision on any enforcement action could be made more efficiently. This is particularly true if the Commission's estimate of 30,000 complaints per year is accurate.

CONCLUSION

Much of the published commentary on the Proposed Rules have focused on the likelihood that they will undermine the effectiveness of internal company compliance programs. The proposal made above is an

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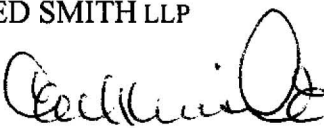
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attempt to strike an appropriate balance that will achieve three goals - (1) maintaining the viability of internal compliance programs to which large companies have devoted substantial resources, (2) doing nothing to prejudice the rights of potential whistleblowers and (3) permitting the Commission's limited resources to be focused on matters that have already been vetted and investigated so that enforcement decisions can be made more efficiently.

Thank you for your consideration.

Very truly yours,

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