



DIVISION OF
CORPORATION FINANCE

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

October 15, 1999

Mail Stop 4-2

Louis Rorimer, Chairman
Jones, Day, Reavis & Pogue
North Point, 901 Lakeside Avenue
Cleveland, Ohio 44114-1190

Re: American Bar Association

Dear Mr. Rorimer:

In regard to your letter of September 29, 1999, our response thereto is attached to the enclosed photocopy of your correspondence. By doing this, we avoid having to recite or summarize the facts set forth in your letter.

Sincerely,

Catherine T. Dixon
Chief Counsel


Catherine T. Dixon, Esq.
Securities and Exchange Commission
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purchase plans on the basis of their registration status under the 1933 Act. For example, if the staff were to take the position that Rule 16b-3 is not available for periodic purchase plans under Release 4790, other plans which essentially are identical to such plans, except for an issuer subsidy in the form of a matching contribution or price discount, would receive favored treatment under the rule. These other plans would be outside the bounds of Release 4790 because of the subsidy, and thereby would qualify for Rule 16b-3, while the plans without a subsidy would not so qualify. This would be an anomalous result, inasmuch as full-price plans meeting the standards of Release 4790 are likely to present less incentive to engage in speculative abuse than reduced-price, subsidized plans that provide greater opportunities for profit and are required to be registered under the 1933 Act. A policy that would encourage such a result would be unwise, in our view.

We note that this request is limited to plans meeting the standards of Release 4790 and the restrictions noted above. We do not intend to preclude the possibility that periodic sales to employees under other open market stock purchase plans might also qualify for exemption under Rule 16b-3. However, in view of the wide variety of features found in plans of this general type, we are not addressing them at this time.

In accordance with Release No. 33-6269, we are including seven copies of this request with the original letter. Members of the Subcommittee are available to discuss any aspect of this letter at the staffs convenience, and we would appreciate the opportunity to do so before you issue any response.

Sincerely,



Louis Rorimer
Chairman

Drafting Committee:

Keith F. Higgins
Gloria W. Nusbacher
Peter J. Romeo