

**PUBLIC STATEMENT OF THE D.C. BAR CORPORATION, FINANCE  
AND SECURITIES LAW SECTION ON THE SEC'S PROPOSED STANDARDS  
OF PROFESSIONAL CONDUCT FOR LAWYERS**

The Corporations, Finance and Securities Law Section of the District Columbia Bar<sup>1</sup> has convened a task force<sup>2</sup> to develop comments on the Securities and Exchange Commission's (SEC or Commission) proposed Standards of Professional Conduct for Attorneys (17 C.F.R. Part 205).

Section 307 of the Sarbanes-Oxley Act of 2002 requires the SEC by January 26, 2003, to develop standards of professional conduct for attorneys appearing and practicing before the Commission in the representation of public companies, including a requirement that a covered attorney report evidence of a material violation up the ladder of the public company. In November 2002, the SEC proposed regulations setting minimum ethical standards for attorneys who appear and practice before the Commission. The proposed rules contained not only the expected "up the ladder" reporting requirements, but also a requirement that an attorney make a "noisy withdrawal" in certain circumstances. Under the proposed "noisy withdrawal" requirement, an attorney would have to withdraw from all representation of the public company and notify the SEC that he or she had withdrawn for professional reasons.

The Section submitted constructive comments commenting on numerous provisions of the rule and urging that the Commission defer decision on the noisy withdrawal requirement to allow more time for the bar and the Commission to consider its implications. In January, the SEC adopted a set of rules, deferred decision on the noisy withdrawal requirement, proposed an alternative to the "noisy withdrawal" requirement, established a new comment period, and invited comments on the original noisy withdrawal provisions, the newly proposed alternative, and minor adjustments to the newly adopted rules. This comment letter responds to that invitation.

The bulk of the comment letter addresses the alternative "noisy withdrawal" provision. We express general opposition to the "noisy withdrawal" proposal, expressing concern that it will undermine voluntary compliance with the law by chilling the willingness of management to consult extensively with counsel. We then make a series of constructive suggestions regarding adjustments that the SEC should consider if the Commission decides to adopt some form of "noisy withdrawal" provision. This comment letter also makes two comments regarding the rules that the Commission has already adopted.

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<sup>1</sup> Steering Committee of the Corporation, Finance, and Securities Law Section: Gary L. Goldsholle (Chair); Martha V. Clarke (Vice-Chair); James Bennett; Karen A. Caplan; Jon B. Jordan; Ivan B. Knauer; R. Eric Nielsen; and Suzanne E. Rothwell. The views expressed in the comment letter represent only those of the Section and not those of the District of Columbia Bar or of its Board of Governors. Please note that Ms. Clarke and Mr. Jordan have not participated in this matter.

<sup>2</sup> The members of the task force are: Kenneth B. Winer, Co-Chair; Gregory S. Bruch, Co-Chair; Bruce A. Baird; David M. Becker; James E. Day; Gary L. Goldsholle; Abbey G. Hairston; Paul Huey-Burns; Howard Kramer; David Martin; Phillip Parker; Richard H. Rowe; and Paul Schott Stevens. Many of the task force members served in senior positions at the Securities and Exchange Commission.