

The Nightly Business Report
The New SEC Chairman Has Challenges
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The SEC has a new chairman. Bill Donaldson was sworn in today.

He faces a deluge of challenges. I was once vice chair of a similar agency and can appreciate his situation.

His first task is to restore morale and take charge of the agency's agenda. One urgent need is to find a chairman for the new Public Company Accounting Oversight Board. The SEC also needs a new chief accountant to help oversee that board and interact with the FASB.

The Sarbanes-Oxley legislation requires a myriad of new rules. Some have been finalized. Others are in various stages of completion. How these rules are written needs careful thought. Worst case is that the new rules, taken together, are overly complex and do not fix the problems they were meant to correct.

Another challenge is how to handle the monitoring and enforcement of the new rules and the already existing ones in a timely and fair way.

Finally, the chairman has a big management job. The SEC budget will be 30% larger. So, the new resources must be effectively used. He must fill key jobs, bring new people up to speed quickly, and update the agency's technology. And, the chairman has to forge a working relationship with each commissioner.

We need to restore investor confidence. We're counting on Bill Donaldson and the SEC to play a lead role.

I'm Barbara Hackman Franklin.