

December 16, 2002

Mr. Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, DC 20549-0609

Re: Proposed Rules: Implementation of Standards of Professional Conduct for Attorneys

Dear Mr. Katz:

On behalf of the South Carolina Bar, I am writing to provide you with a limited response to the Proposed Rules for Implementation of Standards of Professional Conduct for Attorneys (the "Proposed Rules"). A committee of the Corporate, Banking and Securities Law Section of the South Carolina Bar (the "Committee") reviewed the Proposed Rules noting numerous issues of great concern to lawyers practicing in this state.

Due to the extremely limited time period within which comments are required to be submitted to the SEC, and due to the extensive nature of the Proposed Rules, the Committee was unable to evaluate and study the Proposed Rules in depth and reach a consensus on detailed, substantive comments for your consideration. However, the South Carolina Bar submits this limited response to the SEC to note for the record the Committee's general concerns regarding the serious implications the Proposed Rules will have on securities attorneys and to note our displeasure with the limited time period allowed by the SEC for comments to be submitted on the Proposed Rules. In this regard, we urge the SEC to extend the time period for comments on the Proposed Rules, at least with respect to those portions of the Proposed Rules that are not mandated by the Sarbanes-Oxley Act.

Many of the Committee's general concerns relate to the impact the Proposed Rules will have on the attorney/client privilege as a result of the "noisy withdrawal" requirements of the Proposed Rules. The Committee believes that nationalizing ethics rules as is being done in limited fashion by the Proposed Rules is inappropriate.

The Committee is also greatly concerned with the impact the Proposed Rules will have upon the attorney-client relationship. That relationship is one that is built on trust and confidence. The Proposed Rules may forever weaken the level of trust between the securities attorney and his or her public company client and thereby may result in such clients not seeking the advice and input of their attorneys in situations where the advice of an attorney is so critically important.

The Committee believes that the use of a qualified legal compliance committee is a preferable method for dealing with reporting “up the ladder” and handling “noisy withdrawal” situations. Accordingly, the Committee would like for the SEC to consider making the QLCC mandatory for some, if not all, issuers. Since the mandatory imposition of a QLCC may be problematic for smaller companies, it may be best to make the QLCC mandatory for all issuers other than “small business issuers.”

The Committee also believes that the enforcement of the Proposed Rules should be limited to SEC action in order to prevent third parties from asserting claims for an attorney’s failure to comply with the Proposed Rules. Likewise, the Committee believes that a safe harbor should be established to protect attorneys from claims by their clients for taking actions required by the Proposed Rules.

We appreciate your consideration of these comments.

Sincerely yours,

Robert S. Wells
Executive Director