



DIVISION OF  
CORPORATION FINANCE

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

December 20, 1996

Peter J. Romeo, Chairman  
American Bar Association  
750 North Lake Shore Drive  
Chicago, Illinois 60611

**Re: American Bar Association**

Dear Mr. Romeo:

In regard to your letter of December 11, 1996 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,

A handwritten signature in cursive script that reads "Martin P. Dunn".

Martin P. Dunn  
Chief Counsel



AMERICAN BAR ASSOCIATION

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December 11, 1996

SECTION 19 (11/11/96)

Martin P. Dunn, Esq.
Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Section 16 of the Securities Exchange Act of 1934

Dear Mr. Dunn:

On behalf of the Task Force on Section 16 Developments of the American Bar Association Section of Business Law's Federal Regulation of Securities Committee, we are writing to request the Staff's views on several questions of general applicability relating to the new rules under Section 16 of the Securities Exchange Act of 1934.

1. Non-Employee Directors

Rule 16b-3(b)(3) defines a non-employee director as, in addition to certain other requirements, a director (i) who does not receive for services in any capacity other than as a director compensation in excess of the dollar amount for which disclosure would be required under Item 404(a) of Regulation S-K and (ii) who does not possess an interest in any transaction and is not engaged in a business relationship for which disclosure would be required pursuant to Item 404(a) or 404(b) of Regulation S-K. The test under Item 404 is whether any of the described transactions or relationships have occurred since the beginning of the last fiscal year or are currently proposed. By contrast, the language of Rule 16b-3(b)(3) speaks only in the present tense.

