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RECOMMENDATION FOR REGULATORY RELIEF

AGENCY/DEPARTMENT: Securities Exchange Commission (SEC)

RULE/REGULATION: Part 240 of Chapter II of title 17 of the Code of Federal Regulations

PUBLIC LAW REFERENCE: Securities Exchange Act of 1934
15 USC 78a et seq.

ABSTRACT OF THE RULE AND ITS PURPOSE:

Present SEC regulations regulate repurchase of stock by corporations which may concurrently be distributing such stock to the public. Companies with convertible securities are deemed to be continuously "distributing" the underlying stock. As a deterrent to possible manipulation of stock prices, certain transactions are prohibited unless specifically exempted by SEC upon request of the corporation.

WHY THE RULE SHOULD BE CHANGED:

The Company employee stock ownership plans from time to time purchase Company stock in the open market. This requires, under present rules, obtaining an exemption for a somewhat routine activity. The SEC has recognized the existence of such problems but has failed to adopt a rule that it has proposed four separate times in the past fourteen years. The most recent proposal was made in Release No. 17222 dated October 7, 1980. That release detailed proposed Rule 13e-2 and amendments to Rule 10b-6 which would provide relief but not interfere with the basic control exercised by SEC regarding distributing and repurchase operations.

RECOMMENDATIONS:

Adopt Rule 13e-2 as proposed in Securities Exchange Act of 1934 Release No. 17222.

Atlantic Richfield Co

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