

JUN 21 1940

The Honorable Lyle H. Boren,
House of Representatives,
Washington, D. C.

My dear Mr. Boren:

In speaking to me regarding last Friday's session of the investment trust hearings before the House Committee on Interstate and Foreign Commerce, Commissioner Healy adverted to the remarks which you had made on the subject of proxies.

I wish to assure you that your interest in this subject is appreciated by the Commission.

On the assumption that you might desire to have at hand in convenient form copies of the Commission's latest rules on the subject, I am sending to you herewith a pamphlet, designated Regulation X-14, containing the rules which the Commission has promulgated under the Securities Exchange Act of 1934 to govern the solicitation of proxies, consents or authorizations, through the mails or the instrumentalities of interstate commerce, in respect of securities listed and registered on any national securities exchange. I am also enclosing a compilation of the general rules and regulations under the Public Utility Holding Company Act of 1935, at pages 1206 to 1218 of which you will find the Commission's rules governing the solicitation of proxies, consents, authorizations, powers of attorney, deposits or dissents in respect of securities of registered public utility holding companies or subsidiaries thereof.

The Commission's proxy rules are designed to secure for security holders a reasonably complete and accurate statement of all available and pertinent information upon the proposal to be acted upon, in order that they may be in a position to arrive at an intelligent decision on the question whether they should sign and return the proxy. With certain exceptions, the rules require that provision be made in the proxy form for an opportunity to security holders to express an affirmative or negative vote upon the proposal to be acted upon.

The proxy rules under the Securities Exchange Act have been revised on several occasions since their promulgation in September 1935, the latest revision being that effective February 15, 1940. Revisions are effected on the basis of the experience of the Commission in the administration of the rules and are directed, naturally, to the end that the rules shall fully serve their purpose of providing protection for investors without unduly affecting the normal conduct of corporate affairs. Except as regards reorganizations and matters relating thereto, the

proxy rules under the Public Utility Holding Company Act are identical with those in effect under the Securities Exchange Act.

If you should have any question as to the application of any particular provision of the proxy rules I should be pleased to attempt to answer it.

Very truly yours,

For Chester T. Lane,
General Counsel:

John F. Davis,
Assistant General Counsel.

Enclosures:

Reg. X-14

Comp. R. R. '35 Act

ARobinson/mct