

**CHEMICAL BANK**

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SEP 8 1982  
OFFICE OF THE COMMISSIONER

**John B. Wynne**  
Senior Vice President,  
Secretary of the Board  
and General Counsel

August 30, 1982

U. S. SECURITIES & EXCHANGE COMMISSION  
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SEP 8 1982

OFFICE OF THE DEPUTY DIRECTOR  
DIVISION OF CORPORATION FINANCE

Mr. Bevis Longstreth  
Commissioner  
Securities & Exchange Commission  
Judiciary Plaza  
450 Fifth Street, N.W.  
Washington, D.C. 20549

Dear Bevis:

I have read with interest your remarks pertaining to streamlining the Commission's Rule 14a-8 concerning shareholder proposals.

I endorse simplification, but have several comments concerning your specific proposals:

- (1) The provision fixing the minimum number of shares required to be held by a proponent might be more palatable to shareholder interest groups if you were to add a proviso to the effect that in the event, say, 50% or more of a corporation's shareholders own less than 50 shares, then 25 shares shall be the minimum required to be held by a proponent. This would avoid the GM situation, which you mentioned in your remarks. ✓
- (2) The proponent's supporting statement should be not more than 200 words as the Rule presently provides, rather than the 500 words maximum which you have suggested and which is currently being proposed. (What can be said in 500 words can certainly be said in 200.)
- (3) Finally, in connection with establishing the maximum number of proposals required to be included, in the event that the proposals submitted exceed the maximum, so as to avoid debates between shareholders and issuers concerning the equity of any selection mechanism, I would think that the rule should prescribe the selection mechanism to be utilized in determining which proposals will be included, rather than leaving it up to each corporation. The selection mechanism should incorporate the provisions of Section 12 of Rule 14a-8(c), deleting any reference to the

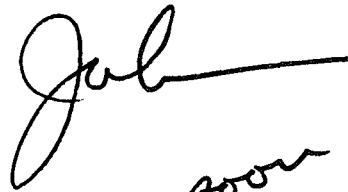
substance of the proposal submitted. By putting "chronic" proponents at the end of the line, each eligible shareholder will be afforded an opportunity to participate in the process. I also think that the maximum number of shareholder proposals required to be included should be fixed at a number which correlates to the size of the shareholder base. For example, issuers having up to 50,000 shareholders would be required to include a maximum of four proposals, those having between 50,000 and 250,000 shareholders would be required to include up to a maximum of eight and, those having 250,000 or more shareholders would be required to include up to a maximum of twelve proposals.

I would be interested in hearing any other comments which you may have received in connection with your suggestions.

I enjoyed our breakfast immensely.

Best regards.

Sincerely,



JBW:rn

P.S. Paul Glenn will soon  
be back with you.  
We'll miss him.  
J. B. W.