

United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, DC 20510-6075

April 20, 1988

The Honorable David S. Ruder
Chairman
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Dear Chairman Ruder:

This letter reiterates my position that the Commission would be ill-advised and should not proceed with respect to any rulemaking or other administrative action with respect to the issue of one-share/one-vote. Aside from the question of whether the Commission has the legal authority to take action in this area--and I believe it does not--Congress, as you know is currently considering the question.

On December 15, 1987 the Senate Banking Committee passed S. 1323, the Tender Offer Disclosure and Fairness Act of 1987 by vote of 14-6. Section 17 specifically states "The Commission shall review any and all rules, stated policies, practices, or interpretations of national securities exchanges and national securities associations relating to shareholder voting rights. Not later than October 1, 1988, the Commission shall report to Congress the results of its review, including the effects of such rules on investor protection and the maintenance of fair corporate suffrage."

This language clearly contemplates that the Commission shall make its report to Congress, so that the Congress rather than the Commission can make the policy decisions in this area.

You should also be aware that the Banking Committee held hearings on the issue of voting rights as recently as March 17, 1988. I am enclosing a transcript of this hearing and would direct your attention particularly to the testimony of Jeffrey H. Coors, John W. Hechinger, and A.A. Sommer, Jr., as well as to the questions directed to them and their answers.

To summarize my position: first I believe, as do a majority of Senators on the Committee that this is a major policy issue that should be determined by the United States Congress and not an independent regulatory agency; and second I do not believe the Commission has the legal authority to act in this area.

Sincerely,

William Proxmire
Chairman