

Mr. LOOMIS. I think both American Home Products and Johnson & Johnson are under the impression that the bill would require corporations to give advance public notice if they were going to purchase shares, stating how much, and what price. The bill does not so provide.

Mr. KEITH. It is a very short telegram, and perhaps you could speak more to the point if I read it, if I may, Mr. Chairman.

Mr. MOSS. You certainly may.

Mr. KEITH. This is from American Home Products.

(The text of the telegram read by Mr. Keith appears on p. 36.)

Mr. KEITH. Would you comment to the points they make?

Mr. COHEN. I think that was essentially what I heard. First, I should point out that that telegram is addressed to only one subsection in the bill.

No. 2, they want exemption for purchases by the company for up to 2 percent.

Now, I have this to say.

One, the bill does not require the information which they seem to suggest is required by the bill. The bill merely authorizes the Commission to adopt appropriate rules to deal with a number of problems, and that is one of them, to the extent that the Commission considered it appropriate.

That is the No. 1 item. Maybe it is inappropriate for me to deal with the merits of some such suggestions which may be the subject of rule-making. Nevertheless, I think experience has shown that, with respect to some companies where the floating supply of securities is rather limited, the purchase of stock even up to 2 percent may have manipulative effects if as suggested in the telegram, with which apparently the writer agrees, the bill is designed to be antimanipulative. I think Mr. Loomis has something to add to that.

Mr. LOOMIS. The bill does not require advance notice of the price and incidentally the Continental Insurance Co. which is perhaps the largest casualty company in the United States has been engaged in purchasing its own shares over the last couple of years.

The New York Department of Insurance requires that they furnish a notice of their intentions. This has been done in each of the last 2 years and there has been no manipulative consequence.

Mr. COHEN. In fact, under the Investment Company Act with which you gentlemen are familiar, adopted in 1940, there is a specific requirement which relates to closed end companies essentially that at least