affiliates—accurate determination of maximum prices within the prescribed limits would be almost impossible. The price rules are extremely impractical and must be changed.

(4) *Modification of Volume Requirements.*—Where purchases by benefit plans are recurrent, are within volume limits established over a significant period of operation and are needed to maintain the established plan requirements, the volume restrictions should not apply or should be made considerably more liberal. Indeed, if the present restrictions found in Rule 10b–10 were put into effect, *it would be impossible for employee benefit programs of many employers to acquire sufficient stock to meet their obligations.* Again, the effect is particularly acute when the combined needs of large companies and their affiliates and subsidiaries are taken into account. As minimum improvements, (a) the volume restrictions that refer to average volume for previous weeks should be modified to permit acquisition of stock at the time of an *initial* offering, (b) the 10% limitation should be raised to 20% of a week's volume, without a daily volume limitation, and (c) any percentage limitation for total purchases on exchanges and otherwise should be applied to total volume, not just the volume on all exchanges. Additional revisions are required to permit purchase of large blocks of stock at bargain prices.

(5) *Modification of Broker and Dealer Rules.*—The rules limiting the use of brokers and dealers should be modified to accommodate market practicalities, without permitting manipulation. For example, unsolicited purchases from dealers must be permitted. In addition, adjustments must be made (under appropriate safeguards) to permit purchases by more than one broker when large volume acquisition are necessary to meet plan commitments (including the combined commitments of affiliated parent and subsidiary groups).

(6) *Modification of Disclosure Requirements.*—Disclosure in a proxy statement, or in an annual report, of planned regular purchases in the future, should be regarded as fulfilling the requirement for information "furnished" in a "reasonable time" to security holders. In addition, if an issuer furnished the required information to the SEC in an annual 10–K report or in an 8–K report, such information should be regarded as fulfilling the alternative requirement to make information "publicly available".

(7) *Modification With Respect to Inclusion of Subsidiaries.*—Throughout the foregoing discussion, the impact of the proposed rule upon benefit plans of large, geographically disparate groups of parent and subsidiary corporations has been mentioned, but the modifications of the rule suggested herein do not begin to solve the staggering problems involved. Even if it were possible for the administrator of one of the many plans of affiliated corporations to determine the number of shares being acquired by all the others, and to determine the prices and number of brokers involved, numerous questions would remain.

For example, if a parent and its subsidiaries each needed employer stock for their respective plans and one or more such companies also needed stock for purposes unconnected with employee benefit plans, how would the choice among these needs be made? If, through inadvertence or failure of communication, the total volume limitation were exceeded, which corporation or trust in the affiliated group would be deemed to have violated the rule?

Consideration also must be given to the acquisition of employer stock by foreign subsidiaries. Certainly, purchases by such subsidiaries on foreign exchanges not regulated by the SEC should not be covered by the rule. Even if this were done, the coordination of international pension plan operations would be almost impossible under the proposed rule.

In summary, the provisions of the legislation and rule which lump together purchases of parents, subsidiaries and all their benefit plans must be drastically modified.

(8) *Other Modifications.*—Rule 10b–10 should not apply to debt securities, sinc the purposes of the legislation are relevant primarily to equity securities, an the relevant part of the Williams Bill refers only to equity securities. In additio the statement required of purchasers by the second sentence of the propos rule should be eliminated. As presently drafted, that sentence requires purchas to state not only that the purchase complies with Rule 10b–10 but also that the r is "intended to prevent the issuer from raising the market price of the securi Such a statement carries the unwarranted implication that, but for the the purchaser might artificially raise the market price.

Respectfully submitted.

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