We are writing to request a clarifying amendment to paragraph (2) of the new Section 13(e) of the Securities Exchange Act of 1934 which would be added by H.R. 14475 and S. 510. Paragraph (1) of Section 13(e) would make it unlawful for a corporation to repurchase its own securities in contravention of such rules and regulations as the Securities and Exchange Commission may prescribe. These rules may require the corporation among other things, to provide holders of such securities with information relating to the reasons for such purchase, the source of funds, the number of shares to be purchased, the price to be paid, and the method of purchase. Paragraph 2 of Section 13(e) would provide that a purchase by or for any bonus, profit sharing, pension, retirement, thrift, savings, incentive, stock purchase, or similar plan of the issuer shall be deemed to be a purchase by the issuer. We believe that paragraph 2 should be modified to provide that a purchase by or for such a pension, profit sharing or similar plan shall be deemed to be a purchase by the issuer only where the issuer "exercises direction, control, or influence over the investments of such plan". A proposed amendment to accomplish this purpose is attached to this letter.

The clear purpose of new Section 13(e) is to provide shareholders of a corporation and other persons interested in the market price of its stock full information regarding the corporation's activities and intentions in repurchasing its own stock. We take no position here with respect to the need for such information. We do seriously question however, the assumption reflected in paragraph 2 of new Section 13(e) that a purchase of the corporation's securities by a pension, profit sharing, or similar plan is always to be considered the same as a purchase by the corporation itself. In the case of pension plans funded by life insurance companies, the issuing corporation will rarely, if ever, have any control or influence whatsoever over the securities purchased by the insurance company. The same is true for many pension and profit sharing plans funded by bank trustees and others. In such cases, there is no need to require the life insurance company, bank, or other funding medium to provide the information specified in new Section 13(e).

We shall appreciate your making this letter a part of the printed hearing record.

Sincerely yours,

AMERICAN LIFE CONVENTION,
WILLIAM B. HARMAN, JR.,
General Counsel.
LIFE INSURANCE ASSOCIATION OF AMERICA,
KENNETH L. KIMBLE,
Vice President and General Counsel.

SUGGESTED AMENDMENT TO NEW SECTION 13(e)(2) OF SECURITIES EXCHANGE ACT OF 1934, AS ADDED BY H.R. 14475 AND S. 510

"(2) For the purpose of this subsection, a purchase by or for (*a*) the issuer, or any person controlling, controlled by, or under common control with the issuer, or (*b*) any bonus, profit sharing, pension, retirement, thrift, savings, incentive, stock purchase, or similar plan of the issuer or any such person, *where the issuer or any such person exercises direction, control, or influence over the investments of such plan,* shall be deemed to be a purchase by the issuer."

NATIONAL ASSOCIATION OF MANUFACTURERS,
GOVERNMENT FINANCE DEPARTMENT,
New York, N.Y., October 31, 1967.

Hon. H. O. STAGGERS,
Chairman, House Interstate and Foreign Commerce Committee,
House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: I am writing as Chairman of the Money/Credit/Capital Formation Committee of the National Association of Manufacturers. Quite a few of our members have expressed concern over S. 510 relating to stock acquisition disclosures, which has been referred to your Committee.

The intent of the bill is to impose restrictions on those making tender offers by requiring specific disclosures such as their principals, source of financing, and plans for liquidation or changes in the corporate structure. However, it appears to us that the bill, in the form passed by the Senate, could be one import