

TAKEOVER BIDS

MONDAY, JULY 1, 1968

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COMMERCE AND FINANCE,
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to notice, in room 2322, Rayburn House Office Building, Hon. John E. Moss (chairman of the subcommittee) presiding.

Mr. Moss. This morning the Subcommittee on Commerce and Finance is conducting hearings on two bills, H.R. 14475 and S. 510, which have for their purpose the amendment of the Securities and Exchange Act of 1934 to provide for additional disclosure of the ownership of the corporate equity securities, particularly as such disclosure relates to acquisition of securities as the result of tender offers and the equitable treatment of the persons tendering their stock in response to such offers.

I am certain that we all are aware from a reading of the daily papers of the tremendous number of offers to purchase stock which consistently are being made both for cash and for the exchange of other securities. The opportunities which are present for the acquisition of shares without the investor who tenders his shares as a result of the offer being adequately informed of the facts on which he can appraise the merits of the offer, or indeed the merits of retaining his interest in the corporation, are all too evident.

The legislation here being considered provides for disclosure in connection with cash tender offers for accumulating large blocks of equity securities through the requiring of filing of information with the Securities and Exchange Commission.

It is not the purpose to prevent the making of any such offers, but solely the purpose of seeing that investors adequately are informed of the relative merits of their position before and after accepting such offer so that they can make a judgment properly required.

The bill H.R. 14475, which I introduced, is substantially in the same form as S. 510 passed the Senate except for the specific inclusion of a coverage of securities issued by a closed-end investment company and for certain provisions having to do with the time of filing of the information statement with, and its review by, the SEC.

At this point in the record we shall include the legislation under consideration and such agency reports thereon that are available.
(H.R. 14475 and S. 510, and departmental reports thereon, follow:)