At those hearings, representatives of virtually every important organization in the securities field, including the New York Stock Exchange, which is represented here today, the American Stock Exchange, the National Association of Securities Dealers, and the Investment Bankers Association of America, appeared and testified in support of the legislation, although several of them had suggestions for changes, none, I believe, that affected the thrust or essential provisions of the bill. Following those hearings, the bill was unanimously reported out by the Senate committee and passed by the Senate on August 31, 1967.

At this point I would like to emphasize and reemphasize that the purpose of this bill, as the chairman indicated in his opening statement this morning, is a very simple one, solely to provide information to investors so that they can arrive at an informed investment decision. It is not designed to assist the offeror, nor designed to assist the management in resisting any plan put forward by the offeror. It is essentially based on the concept that the investor should have the information so that he can arrive at a decision. It would not involve the Government in any way in fashioning or effecting the terms of the offer, or of the arguments pro and con.

H.R. 14475, the other bill before you, differs from the Senate bill in certain respects. The following are the most significant: (1) Both bills require that a person making a tender offer, or otherwise proposing to acquire more than 10 percent of the outstanding stock of a company registered under the Securities Exchange Act, must file with the Commission a statement disclosing his identity together with certain information with respect to his financial arrangements and his purposes. Under the House bill, this statement must be filed with the Commission 5 days prior to the making of the tender offer, while under the Senate bill, the filing may be simultaneous with the tender offer. I think this change was made in response to suggestions made by the New York Stock Exchange. Their representatives are here today and I think they can explain their point of view on that.

We prefer, however, the provisions of the House bill, since this will give us an opportunity to examine the material and suggest any changes or corrections before it is disseminated to the public. If corrections are necessary after the material has been sent to the shareholders, this will not only be a source of embarrassment for the offeror but may also confuse the stockholders. We have come to this view after almost 35 years of experience under the proxy rules. Frequently proxy soliciting material filed by a contestant or by management may be, perhaps inadvertently but nevertheless may be, misleading—so misleading as to warrant correction. The Commission usually secures correction informally.

On occasion it is necessary to go to the courts but in either case, it is obvious what has happened and this frequently proves to be of embarrassment either to management or to the contestants in a way that perhaps affects the consideration of the issue by the shareholders on the mertis. Incidentally, in a proxy contest the Commission's rules require that the material be filed within 10 days before the filing. The so-called 5 day provision is designed to serve the same purpose in that connection, without blowing the Commission's horn too loudly, it is generally conceded that the Commission's administration of the proxy