

STATEMENT OF DONALD L. CALVIN, VICE PRESIDENT, NEW YORK STOCK EXCHANGE; ACCOMPANIED BY PHILLIP WEST, VICE PRESIDENT AND DIRECTOR, DEPARTMENT OF STOCK LIST

Mr. CALVIN. Thank you, Mr. Chairman.

We at the New York Stock Exchange appreciate the opportunity to appear here this morning. What I plan to do, with your permission, is to read a brief, prepared statement and then answer any questions you might have. We also would be willing to attempt to answer any questions that you have as we go through the prepared statement.

I might take a moment and introduce Mr. Phillip West, a vice president of the exchange and the director of its department of stock list.

His function among other things, is to supervise and to administer the policies of the New York Stock Exchange relating to the activities of companies whose shares are listed on the exchange. He has great familiarity with this area.

I would also say, before I get into the statement, that we agree with Chairman Cohen in what he said this morning. There is a great need for this legislation, and the New York Stock Exchange and other organizations in the securities industry have supported the objectives of this legislation. I am sorry that more of them aren't here this morning, but I would mention that in the Senate hearings the New York Stock Exchange was joined in supporting the legislation by the American Stock Exchange, the Investment Bankers Association of America, and the National Association of Securities Dealers, Inc.

The problem that we have is basically with two provisions in the House bill. I will now begin reading our statement.

The exchange supports S. 510 but opposes H.R. 14475, because it contains provisions which would be disruptive to market practices which have been demonstrated to be in the public interest.

In our view, the primary objectives to be accomplished by this legislation are to provide full and fair disclosure to shareholders—

- (1) In connection with cash tender offers or through open market or privately negotiated purchases; and
- (2) When a corporation repurchases its own equity securities.

The exchange has followed the development of this legislation since the first bill in this area was introduced by Senator Harrison Williams, in the last session of the 89th Congress. We have supported the objectives of these bills from the outset. A number of suggestions that we made as to specific provisions of S. 510, in the extensive hearings before the Senate Banking and Currency Committee in March 1967, are now incorporated in S. 510 as passed by the Senate.

The New York Stock Exchange has had policies regarding tender offers for almost 14 years. Because of the absence of any Federal legislation, the exchange has been the only regulatory authority active in this area. A number of witnesses at the Senate committee hearings testified and endorsed the exchange procedures.

Our analysis of H.R. 14475 is that it is basically the same as S. 510 as prior to amendments by the Senate Banking and Currency Committee.