

Mr. CALVIN. Thank you, Mr. Chairman. I agree with the point of Mr. Keith's last question and this is what we at the exchange call moral suasion. If these people know that if they don't meet the requirements imposed by the Commission, they are going to have trouble with the Commission later, that might prove not only embarrassing but disastrous to this particular offer. They are going to do their utmost to see that they meet the requirements before they make the final decision and make the public announcement. I would like Mr. West to comment on delays in trading which is important throughout all of this and particularly if you do report out H.R. 14475. I would call on Mr. West for that.

Mr. Moss. Mr. West.

Mr. WEST. Chairman Moss, in the past year we have held up trading in 290 stocks in relation to important pending announcements. What we do is to advise companies that they should make immediate disclosure of any matter which affects security decisions or might affect security prices. And we urge them—prior to announcement, as soon as the board of directors has taken any action—that they call us on the phone at the same time they are releasing it to the news services, Dow Jones, and others, and let us know about it. When they do that we immediately call the floor. I have a direct line to the floor and I say "Stop trading in the XYZ stock pending a news announcement." If we hold up more than 20 minutes we send a notice over the tape that we have halted trading pending a news announcement because Dow Jones does not get it out as quickly as we would like because it comes from all over the country. We hold trading until the news announcement does appear on the broad tape, and wait at least 15 minutes, if not longer, to permit the price of the security to adjust the price before we commence trading again.

Then we have problems as well of leaks and rumors that may occur from time to time. In the recent takeover of Jones & Laughlin Steel we had to hold trading in J&L stock until an announcement could be made in relation to the price at which they were going to make the tender offer, because there were rumors. Because of those rumors of the tender offer, and it appeared from both sides that they were sitting down and discussing it, they could say that they were going to have an offer but could not give the price.

We thought there should be no trading on the exchange until they could announce the price, until investors could be informed. This meant holding trading for a day and a half, which in reality was a disservice to security holders, to take away their market for such a long period of time. We are trying to take steps to see that something like that does not happen in the future.

This is the first time we have had to hold it up that long. We have had to hold it up on occasion for 2 or 3 hours but not a day and a half.

We are going to do our best to keep that from happening. How, I don't know. This legislation will be very helpful, providing immediate publicity is given to a decision in these matters so that the public knows about it.

Mr. Moss. Mr. Calvin, do you have further comment?

Mr. CALVIN. No, I do not; just to thank you, Mr. Chairman, and the members of the committee for your time and attention. I hope I have stated the issues. I think you have seen them.