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NEWS BUREAU

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FOR RELEASE:

10 A.M., E.S.T., WEDNESDAY, MARCH 22, 1967

WASHINGTON, D.C., March 22, 1967 -- President Keith Funston of the New York Stock Exchange today backed a Senate bill that would provide more information to stockholders whose companies are the objects of take-over bids.

At the same time, the Exchange President urged amendments to two provisions of the bill. He indicated that the provisions, unless changed, might do investors more harm than good.

The testimony was presented to the Securities Subcommittee of the Senate Banking and Currency Committee by Donald L. Calvin and Phillip L. West, Exchange Vice Presidents, on behalf of Mr. Funston. His statement said that the Exchange endorses the objectives of the bill, introduced in January by Senators Harrison Williams of New Jersey and Thomas Kuchel of California. The Exchange's suggested amendments were based on the belief that desirable results can be fully achieved without causing undesirable side effects."

One provision would require anyone making a tender offer for 10 per cent or more of a company's securities to file an information statement with the Securities and Exchange Commission at least five days before the offer. The Exchange statement urged an amendment requiring the filing at the time of the offer.

Exchange representatives said a five-day delay between a company's decision to make a tender offer and the offer itself runs the risk of leaks and rumors - and consequent disruption of the market for the stock.

They also suggested an amendment to a provision that would require the maker of a tender offer to buy shares only on a pro-rata basis when more shares are tendered than he is willing to accept. The statement said this would tend to increase the length of tender offers, prolong investor uncertainty, and extend the time in which large blocks of stock are tied up.

Mr. West and Mr. Calvin urged an amendment that would require pro-rata purchase only within the first ten days of the offer. After that, shares could be purchased in the order in which they were deposited.

The Big Board's third point questioned the bill's broad grant of authority to the SEC to regulate purchases by a company of its own stock. It was pointed out that this was a shift away from the bill's basic philosophy of disclosure and toward one of rules and regulations.

The Exchange wholly supported major provisions of the bill requiring the maker of a tender offer to reveal any unusual financial arrangements or any intent to alter the general operations or structure of the company sought.

Another major provision backed by the Exchange would require persons acquiring 10 per cent or more of a company's equity securities to file an information statement with the SEC within seven days after obtaining the right to acquire the securities.