



SECURITIES AND EXCHANGE COMMISSION

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COMMISSION TO CONSIDER THREE MAJOR ISSUES
RELATED TO SHAREHOLDER COMMUNICATIONS, TENDER OFFER RULES,
AND DISCLOSURE BY FOREIGN ISSUERS

The Commission will consider, at an open meeting scheduled for Tuesday, November 20, three major proposals related to the corporate "full disclosure" system.

The first stems from the Commission's re-examination of rules relating to shareholder communications, shareholder participation in the corporate electoral process and corporate governance generally. The Commission will consider whether to adopt amendments to Regulation 14A and Schedule 14A which are intended to provide greater opportunities for shareholders to obtain information and advice with respect to matters on which they vote through proxies.

The Commission will also consider whether to adopt new rules and a related scheduled pertaining to tender offers. If approved, these provisions would implement existing statutory requirements by providing specific filing, delivery

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and disclosure requirements, optional dissemination provisions and additional substantive regulatory protections with respect to certain tender offers.

In addition, the Commission will determine whether it should adopt amendments to the registration statement, periodic, and annual report forms authorized for use by certain foreign private issuers. The amendments would consolidate the registration and annual report into a single form and increase the disclosure requirements presently applicable to foreign private issuers. A second question involves revision of the short form for registration of securities to expand its usage by certain foreign private issuers for rights offerings to security holders. The Commission will also consider publication of interpretive guidelines for the disclosure of management remuneration by certain foreign private issuers.

Tuesday's meeting is scheduled to begin at 2:30 p.m. in the Commission's Meeting Room on the eighth floor of the headquarters building, 500 North Capitol Street, Washington, D.C. Following conclusion of the open meeting, staff officials will participate in a briefing, scheduled for Room 876, to discuss whatever action the Commission takes.

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"In the budget, as in patterns of regulation, questions arise as to how much the nation can afford to spend on desirable goals," Williams explained. "In the budget, as in regulatory mandates, there are compromises to be made among competing objectives. And in the budget, as in the framework responsible for regulations, there is often a divergence between the wishes of the President and the wishes of Congress."

Williams suggested that Congress follow the example it set in 1974 when it instituted new procedures for handling the budget. The President, he said, could be required to submit during the first session of Congress a "state of regulation" report in which he would assess existing regulatory programs, make suggestions for revisions, additions or deletions, and "reconcile existing regulation with his objectives for the nation and identify any conflicts."

In order to handle such a comprehensive regulatory review, Congress should establish a new mechanism, which might be based on committees on regulation in each house, or perhaps a joint committee.

"The committees would not have legislative authority over specific regulatory programs, but would instead report to the floors of the House and the Senate resolutions defining areas of regulatory change," Williams explained.

"The Congress would be required to agree in principle through the passage of such resolutions. These resolutions would not enunciate specific regulatory changes, but rather, principles of regulatory direction to which committees having jurisdiction over particular regulatory programs would be required to conform. They would state broad goals with respect to changes in regulation."

Williams said that such a structure "would enable Congress to focus on the whole of Federal regulation and would enable the President to provide meaningful leadership in this critical area of national priorities.

"In this way," he said, "Congress and the President would have a mechanism to consider the limitations imposed by finite resources on our regulatory reach, and make the necessary choices and tradeoffs."

Williams said that reform of Federal regulation "is part of the never-ending task of adapting our complex government machinery to the changing needs of the nation.

"It is a task which can be accomplished successfully in a deliberate and focused manner," he declared, "as we have seen with regard to de-regulation of the airline industry. It is not a task that is susceptible to panaceas, quick-fixes, or administrative short-cuts. I can only hope that when the smoke clears from the current wave of enthusiasm for regulatory reform, we will be left with a solid structure capable of responding flexibly and efficiently to the very real needs that regulation is designed to meet."

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of the board; and the board's audit, nominating and compensation committees should play active roles in assessing and shaping corporate policies and practices. However, he said he would oppose any Federal legislation or regulatory action to dictate board structure, "or even impose my own suggestions."

"My goal is to underscore the responsibilities of corporate boards and how they might better carry them out so as to strengthen the case against legislation, and make it unlikely -- not to hasten its passage," Williams declared. "While some apparently believe that legislation is the key to reform, I am concerned that Federal encroachment into the boardroom would likely cripple rather than strengthen its functioning."

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communicating the effects of inflation on corporate performance and to give careful consideration to the FASB's call for experimentation. Also, I would point to the Statement's requirement for a narrative explanation of the supplemental data and its significance in the company's individual circumstances. A substantive response, particularly in the management's discussion and analysis, can help to overcome what has often been a distorted picture of the economic reality of corporate earnings.