



**SECURITIES AND
EXCHANGE COMMISSION**
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SEC Advisory Committee on Shareholder Communications
To Hear Reports of Subcommittees at N.Y.C. Meeting

The four subcommittees of the SEC Advisory Committee on Shareholder Communications will report to the full committee next week, in a meeting in New York City on questions to be asked and issues to be considered when the Advisory Committee seeks public comment on problems created by the increasingly-common practice of holding securities in the names of nominees.

The Advisory Committee will hold its third meeting on July 24, 1981 beginning at 10 a.m. in the Board Room of the New York Stock Exchange, 11 Wall Street. Meetings of the committee are open to observation by the press and the public.

The Advisory Committee was established in April to explore the possibilities for improving the process by which companies communicate with the beneficial, or actual, owners of securities which are registered in the name of a broker-dealer, bank or other nominee. The use of such nominee or "street" names helps facilitate the process of transferring securities when they are sold. However, it can also create problems for companies interested in fostering closer relations with their shareholders, since all communications from the company to its shareholders must pass first through the hands of the nominee — the only name that appears in the company's records. It is the nominee who must forward the communication to the actual owner of the securities. This process may be

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time-consuming and in some cases the communication may not reach the beneficial owner at all. This can particularly create problems when companies must solicit proxies to be voted at the annual meeting, or when an unusual situation, such as a takeover bid, arises.

At the July 24 meeting, the committee will hear reports from its four subcommittees, which were established to explore (1) improving existing procedures relating to distribution of proxy material; (2) improving existing procedures relating to distribution of non-proxy communications; (3) improving existing proxy voting procedures; and (4) the feasibility of a direct communication system. The committee will discuss what issues should be contained in a release soliciting comment from corporate executives, financial organizations and shareholders.

Although the system of nominee registration has been utilized for some time, beginning in the 1930's, its use has increased in recent years. A 1975 survey indicated that 28 percent of all securities are registered in the name of a nominee. Complaints about problems created by the system have been voiced by corporate officials with increasing frequency, but solutions have proven to be elusive. As a result, the Commission's staff recommended in its landmark Report on Corporate Accountability, issued last Fall, that an advisory committee be established in order to help devise "a uniform system for distributing proxy material and other corporate communications to all shareholders."

The Advisory Committee is composed of 14 individuals who are corporate executives, bank officials, broker-dealers, or proxy solicitation or stock transfer specialists. Its Chairman, Mr. Paul D. Weiser, is Senior Vice-President, Secretary and Corporate Counsel of Dataproducts Corporation, Woodland Hills, California. Subsequent meetings are tentatively scheduled to be held in Washington on September 18; in New York City on October 30; and in Washington on December 10.

The other members of the Advisory Committee are as follows:

Mr. Kenneth Akeson, President
Independent Election Corporation of America

Mr. W. Kenneth Bonds
Chairman, Trust Committee and
Executive Vice President
The Liberty National Bank and Trust Company

Mr. Steven E. Fry
Corporate Secretary
Valero Energy Corporation

Mr. William L. Glosser
Secretary
Glosser Brothers

Mr. Earl J. Grimm, Jr.
Secretary
Esmark, Inc.

Mr. John Hetherington
Secretary
Westvaco Corporation

Mr. Donald Heterich
Senior Vice President
Manufacturers Hanover Trust Company

Mr. James H. Lynch, Jr.
Executive Vice President
and Secretary
Spears, Leeds & Kellogg

Mr. Michael Nelson
President
Continental Stock Transfer and Trust Co.

Mr. J. William Robinson
Principal
Georgeson & Co.

Mr. William Smith
Manager, Proxy Operations
Merrill Lynch & Co. Inc.

Mr. John R. Worthington
Senior Vice President and
General Counsel
MCI Communications Corporation

Mr. J. Paul Wyciskala
Managing Director
Corporate Services Department
New York Stock Exchange

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