



FOR IMMEDIATE RELEASE: Friday, September 11, 1981

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Washington Meeting scheduled for Advisory
Committee on Shareholder Communications

Shareholder communications, the base for interaction of the corporation and its shareholder, have become increasingly complex and difficult. The problem of corporations not knowing who their stockholders are and the growing difficulty of the corporation in communicating directly or indirectly with their stockholders in a meaningful way has been a problem facing the corporation, its stockholders and the intermediary financial institutions such as broker-dealers, banks and depositories. These problems, the questions which they raise and the issues involved will be the subject of a release to be issued for public comment by the Advisory Committee on Shareholder Communications, which the Committee hopes to finalize at a meeting in Washington next week.

The fourth meeting of the Advisory Committee is scheduled to begin at 10 a.m. on Friday, September 18, 1981 in the conference room, third floor, at the National Association of Securities Dealers, 1735 K Street, N.W. Washington, D.C. Meetings of the Advisory Committee are open to observation by the press and

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the public. Committee Chairman Paul D. Weiser and senior members of the SEC staff will be available to talk with reporters at the conclusion of the morning session, expected to recess at Noon, and after the afternoon session.

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, depositary or other nominee. The use of such nominee or "street" names 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. In effect, the nominee becomes the holder of record. It is the nominee who must forward the communication to the actual owner of the securities. This process may be 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.

The increasing complexity and inadvertent breakdowns in this communication process have caused the Advisory Committee to seek broader based input upon their deliberations. The purpose of next week's meeting is, therefore, to finalize plans for issuance of

a release soliciting comments from the public on certain issues being considered by the Committee. Specifically, the Committee will consider, among other things, the extent to which the proposed release should contain questions relating to: (1) a preliminary proposal that nominees provide issuers with the identities of non-objecting beneficial owners of nominee-held securities; (2) revision of existing procedures for disseminating proxy material to beneficial owners; (3) improvements in existing procedures relating to distribution of non-proxy corporate communications, such as interim reports to shareholders; and (4) improvements in existing proxy voting procedures, including a suggestion that nominees vote uninstructed shares proportionately.

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 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
New York, New York

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

Mr. Steven E. Fry
Corporate Secretary
Valero Energy Corporation
San Antonio, Texas

Mr. William L. Glosser
Secretary
Glosser Brothers
Johnstown, Pennsylvania

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

Mr. John Hetherington
Secretary
Westvaco Corporation
New York, New York

Mr. Donald Heterich
Senior Vice President
Manufacturers Hanover Trust Company
New York, New York

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

Mr. Michael Nelson
President
Continental Stock Transfer and Trust Co.
New York, New York

Mr. J. William Robinson
Principal
Georgeson & Co.
New York, New York

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

Mr. John R. Worthington
Senior Vice President and
General Counsel
MCI Communications Corporation
Washington, D.C.

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

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