



SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

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For Immediate Release

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COMMISSION TO CONSIDER PROPOSALS TO IMPROVE SHAREHOLDER COMMUNICATIONS

The Commission will consider, at an open meeting to be held next Thursday, whether to adopt rule amendments that would implement recommendations of the Advisory Committee on Shareholder Communications. The changes are intended to improve the process by which public corporations communicate with shareholders whose stock is registered in the name of a broker, bank or other nominee.

The meeting is scheduled to begin at 10:00 a.m. on Thursday, July 28, in the Commission Meeting Room, Room 1C30, at Commission headquarters, 450 Fifth Street, N.W., Washington. Staff officials will participate in a briefing immediately following the Commission meeting to explain whatever action the Commission takes.

As part of the Proxy Review Program, which is a comprehensive review of the rules and regulations applicable to the solicitation of proxies, an Advisory Committee was established in 1981 to advise the Director of the Division of Corporation Finance on improving the process by which corporations communicate with beneficial owners of nominee held securities. The Advisory Committee made 29 recommendations. They were directed to the Commission, the New York and American Stock Exchanges, the National Association of Securities Dealers, Inc., the federal bank regulatory agencies, banks and corporations.

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The importance of these recommendations for shareholder communication arises from the increased registration of securities in the name of broker-dealers, banks and their nominees. The use of nominee registration helps in the transfer of securities but creates problems when issuers solicit proxies because proxies must pass through nominees - and sometimes layers of nominees - before they get to the shareholder and must be sent back through the chain of nominees to the company. This process becomes complex and time-consuming.

The rule amendments would implement recommendations directed to the Commission. They would (1) tighten the current timetable for proxy dissemination (2) excuse issuers, under certain limited circumstances, from delivering proxy statements and annual reports and (3) establish, without altering the current process for proxy distribution, a means by which issuers can communicate directly with the owners of their securities.

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