

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

March 4, 1988

The Honorable Bill Goodling
United States House of Representatives
2263 Rayburn H.O.B.
Washington, D.C. 20515

Dear Representative Goodling:

I have been asked to respond to your letter dated December 14, 1987, regarding correspondence you received from a constituent, George T. Ladd. In his letter, Mr. Ladd expressed concern about certain developments in the area of securities regulation, such as state takeover statutes, one-share, one-vote and the confidentiality of proxy voting.

First, in the area of state takeover legislation, Chairman Ruder has stated that he believes federal law should control in this area by preempting state statutes that unduly interfere with the nationwide, free transferability of securities. This position was reached cautiously, in view of the Commission's general position that the internal affairs of a corporation should be regulated by the states.

Second, the Commission has proposed a rule which would prohibit the listing or quotation of securities of issuers that have taken actions that disenfranchise shareholders. On July 22, 1987, the Commission held public hearings on the proposal and the Commission staff currently is reviewing the comments and testimony received in response thereto.

Lastly, with regard to the confidential voting of proxies, the Commission has recommended that Congress carefully examine the complex issues and the possible implications for internal corporate governance, before it acts in this area. The Commission believes that it may be possible to design proposals that are less intrusive and equally effective than those currently under consideration.

I hope this information is of assistance to you.

Sincerely,

Mary E.T. Beach
Associate Director