



DIVISION OF
CORPORATION FINANCE

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

March 3, 1992

The Honorable John A. Boehner
U.S. House of Representatives
Washington, D. C. 20515

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Dear Congressman Boehner:

Thank you for your letter of January 28, 1992, forwarding correspondence from Mr. Jon Alan Maras to Securities and Exchange Commission Chairman Richard C. Breeden. Chairman Breeden has asked me to respond to your letter.

Initially issued for public comment in June 1991, the proxy proposals are designed to facilitate informed proxy voting decisions by all shareholders, whether individual or institutional, and to reduce the costs of proxy compliance for companies and soliciting shareholders alike. (See Rel. No. 34-29315 (June 17, 1991)(attached)). To this end, the Commission proposed, first, to enable shareholders and other persons to exchange views or to comment upon a proxy solicitation undertaken by the company, a dissident shareholder, or any other person, without having to bear the costs of filing a proxy statement with the Commission and delivering it to all shareholders, so long as the communicating person is not seeking proxy authority from the shareholders with whom he communicates. 1/ As a safeguard against the dissemination of false or misleading information, the Commission's antifraud provision, Rule 14a-9, would apply to such communications.

1/ Under the current proxy rules, a shareholder who wishes to express opposition to a planned merger or corporate restructuring subject to a shareholder vote, whether by writing a letter or telephoning more than 10 other shareholders, or by writing a letter to the editor of the local newspaper, must file the letter and any other written materials with the Commission for review prior to publication. In addition, this shareholder must file with the Commission, and deliver to all shareholders with whom he communicates, a proxy statement containing mandated disclosure.

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Second, the Commission has proposed to require that only the proxy statement and proxy card be filed in preliminary form with the Commission before use. Third, the Commission has proposed to make proxy statements and proxy cards filed in preliminary form immediately available to the public upon filing, like all other Commission filings. Finally, the Commission has proposed to condition management's solicitation of proxies on shareholders' being given equal access to stockholder list information in order to identify and communicate with one another with respect to matters subject to solicitation.

To date, the Commission has received more than 850 letters from the public commenting on the proposed changes to the federal proxy rules. These proposals, and the issues they raise, are described in considerably more detail in the attached testimony delivered by Chairman Richard C. Breeden during a hearing before the Senate Securities Subcommittee on October 17, 1991. As explained in this testimony, the Commission currently is reviewing the hundreds of letters received before making any decisions on how to proceed. More recently, on November 20, 1991, the Chairman announced that the Commission will revise its proxy proposals and seek further comment prior to taking final action.

On February 13, 1992, the Chairman announced three major initiatives relating to the compensation of senior executives and directors. (See Attached Press Release). First, reversing a longstanding interpretive position, the Commission now will permit shareholders to secure the inclusion in company proxy statements, under the mechanism provided by Rule 14a-8, of shareholder proposals advising the board of directors on matters involving senior executive and director pay. Votes on these proposals would be advisory only, and must be worded as such. Second, the Commission will propose for public comment in the near future revisions to compensation disclosure rules that would result in clearer and more understandable information on executive compensation in proxy statements and other Commission filings. Third, the Commission has asked its Chief Accountant, working with the FASB and other relevant accounting bodies, to study and report to the Commission within 120 days on the adequacy of current accounting rules for corporate grants of compensatory stock options.

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The Commission appreciates hearing from you and your constituent on the pending proxy proposals. To enhance the public discussion of the proposals, your letter and that of Mr. Maras will be placed in the appropriate public comment file (S7-22-91). If you have any further questions or comments, please do not hesitate to write again.

Sincerely,

A handwritten signature in black ink, appearing to read 'M.E.T. Beach', with a long horizontal flourish extending to the right.

Mary E.T. Beach
Senior Associate Director

Enclosures