

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON

February 11, 1935

A. A. Berle, Jr. Esq.,  
70 Pine Street,  
New York, N.Y.

Dear Sir:

Herewith I am sending a copy of the rules and regulations drafted pursuant to Section 14 with regard to the solicitation of proxies of the Securities Exchange Act. I would appreciate receiving as soon as possible any comments or suggestions you may have to make.

Very truly yours,

John J. Burns,  
General Counsel.

Enclosure:  
Rules and Regulations.

February 8, 1935

MEMORANDUM:

DRAFT OF RULES FOR REGULATING PROXIES

Rule LA1 General Rule. No person shall, by the use of the mails, or by any means or instrumentalities of interstate commerce, solicit or permit the use of his name to solicit any proxy in respect of any security (other than exempted security) registered on any national securities exchange pursuant to Rule JE1 or Section 12(b) or (c), unless the following are included either in the form of proxy or in a written statement submitted prior to or at the time of such solicitation to the person from whom such proxy is solicited.

(1) If the solicitation is initiated by action of the Board of Directors of the issuer (or trustees if the issuer is a business trust, hereinafter referred to as "trustees"), or in the absence of such action, by an executive officer of the issuer, a statement that the proxy is being solicited by the management and if, there has been filed with the issuer a written statement by any director or trustee or any other person or persons that he or they propose or intend to solicit opposing proxies from holders of 25% or more of any class of security, a statement of such fact.

(2) If the solicitation is initiated otherwise than by the action of the Board of Directors or trustees or in the absence of such action, by an executive officer of the issuer, the name or names of the person or persons initiating the solicitation, and the number of units of each class of securities of the issuer which are owned collectively by them, either of record and/or beneficially.

(3) The manner in which the expenses or costs of soliciting the proxies is to be met, and the name of any person or persons especially engaged for compensation to solicit or recommend the execution of such proxies, stating the terms of compensation therefor.

(4) A brief description of the various matters, actions or transactions which at the time of solicitation the person or persons who initiated the solicitation intend to present to or oppose at the meeting, and the nature of the action which at the time of such solicitation it is intended shall be taken by the holders of the proxies on such matters. Such description, in respect of any such matter, action or transaction, may be contained in an annual or other report furnished to the securityholder at the time of, or prior to, the solicitation of the proxy of such holder, if the form of proxy or written statement submitted prior to or at the time of solicitation thereof contains a statement to the effect that such description is contained in such annual or other report.

(5) In no event shall failure to comply with rules and regulations of the Commission invalidate any proxy, nor shall anything in the rules and regulations of the Commission be construed to prescribe or limit the authority of the holder or holders of any proxy.

Rule LA2. Solicitation of proxies to be filed: A copy of the form of proxy and information required to be submitted therewith shall be filed with each Exchange on which the security in question is listed and with the Commission, not later than the first date of solicitation of such proxy. A copy of any additional matter submitted to security holders in connection with any further solicitation by the same person or persons of a proxy previously solicited shall be filed with each such Exchange and with the Commission not later than the first date of such further solicitation, and if such matter contains additional information, there shall be similarly

filed a statement of the reasons why such additional information was not furnished at the time of the original filing. Information shall be filed in the form in which it is to be submitted to security holders.

Rule LA3. Use of name of another: No person shall make use of the name of another in the solicitation of any proxy without his authorization. No person shall be deemed to have permitted the use of his name to solicit any proxy within the meaning of Rule LA1, if he has no knowledge of such use, or if, after learning of such use, he has promptly notified in writing the person intending to make or who has made unauthorized use of his name that such use is unauthorized.

Rule LA4. Effective Date: Rules LA1, LA2, and LA3, shall be effective immediately except that such rules shall not apply to any solicitation of proxies begun prior to \_\_\_\_\_ for any meeting or meetings called to be held prior to \_\_\_\_\_, or any adjournment or adjournments thereof.

Rule AT4. Definition of "solicitation". The term "solicitation" (including "to solicit") as used in rules and regulations promulgated pursuant to Section 14 means any request, application or invitation to a security holder for a proxy, and shall include the furnishing of a form of proxy to security holders, whether the form of proxy names the persons to vote the proxy or not, except that it shall not include the solicitation of consents to proxies by nominees or trustees, their principals or cestuils que trustent or by dealers or brokers or other custodians of securities in respect to securities carried in their name or the name of their nominee or in their custody.