

**Excerpts from Statement of Richard H. Troy,  
American Society for Corporate Secretaries, Inc.  
Before the Securities and Exchange Commission  
Regarding the Issuance of Dual Class Common Stock  
December 17, 1986**

My name is Richard Troy. I am representing this morning the American Society of Corporate Secretaries of which I am a Vice President and also Chairman of its Securities Law Committee.

\*\*\*

First of all, focusing on the narrow question, namely, should the Commission affirm the proposal of the New York Stock Exchange as proposed - answer, yes. Reasons therefore: first, competitive concerns, we value the exchange; we don't want to see it jeopardized by competition in the voting rights issue. Secondly, the lack of a legal basis to require the New York Stock Exchange to maintain a rule which is not required of other exchanges. And thirdly, utility to pursue one share, one vote; you simply do not achieve it by imposing it on one exchange and not on others.

\*\*\*

[I]n the area of corporate governance and capital structure, the viewpoint that state law should govern. Now, some years ago, one might have spoken of the rule of state law and the state courts with somewhat less conviction than today. But the developments in both federal and state court decisions of state law in the last few years leaves no doubt that boards of directors are now being subjected to a scrutiny they have never experienced before.

Finally, in the last minute, on the broader issue, should there be a national mandatory policy, no exception, mandating one share, one vote on all

markets? No. For the reasons recited of the various business reasons for capital structure, the change in environmental considerations, the infringements on the rights of stockholders to choose the capital structure they want; the stifling of creativity and experimentation. The fact that it would get into merit regulation of securities, not market regulation. The fact that ironically it may produce the ultimate anti-takeover weapon, the doomsday machine of anti-takeover devices in that if you impose all market places under your jurisdiction to one share, one vote, what does the target do? It issues the offending security. What is the result? A halt to all trading or chaos, whichever you will.

And you cannot achieve it through a market regulation vote; you have to go to substantive regulation, making the offending security illegal, which in turn gets you to merit regulation or federal regulation of corporations with the evil that it does.