

United States Senate

WASHINGTON, DC 20510

February 26, 1988

Honorable David Ruder
Chairman
Securities & Exchange Commission
450 5th St., N.W.
Washington, D.C. 20549

Dear Dean Ruder:

The Senate Banking Committee is scheduled to hold a hearing on the subject of a uniform voting rights standard for all issuers who do or would enjoy participation in our public markets. This hearing is tentatively set for March 17. Inasmuch as your predecessor testified on the subject before both Senate and House Committees during the 99th Congress, additional testimony before one of the same committees within a two year span would appear to be unnecessarily repetitive. However, in lieu of testimony, there are a few brief questions I wish to pose to you on the "one-share/one-vote" issue.

In June, 1987, the Commission issued a notice of proposed rulemaking concerning the potential adoption of a rule which would have the effect of amending the rules of the national securities exchanges and national securities associations regarding their listing and authorization requirements concerning shareholder voting rights. Public hearings were held with respect to the adoption of the rule. Since the public hearings, no apparent action has been taken by the Commission to make the proposed rule final. What is the status of the rulemaking procedure? Is it the intention of the Commission to adopt the proposed rule or a modified version? If not, why not? Is there a problem with the Commission's legal authority to promulgate the proposed rule? If so, does the Commission desire Congress to clarify its legal authority to issue such a rule? If this clarification is desired, a draft of the legislative language sought should be transmitted.

Answers to the above questions prior to the aforementioned hearings would be appreciated. If any additional information is needed, please do not hesitate to contact me.

Sincerely,

Richard Shelby