THE S.E.C. AND PUBLIC INVESTORS -- SOME CHANGING CONCEPTS

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It was originally intended that my talk today would be centered upon the Securities Acts Amendments of 1964. In view of the large number of significant developments in the field of Federal securities regulation in recent months, however, it was felt that as many of these matters as possible should be discussed. This talk, therefore, has been divided roughly into three basic segments -- the 1964 Amendments, recent developments in the area of the Commission's anti-fraud rules, and recent and impending developments affecting the national securities exchanges. In this treatment of these subjects, it will be impossible to discuss each area in great detail. The importance of each of them, however, requires that they be raised, if only briefly.

I do not intend for one moment to minimize the importance of the 1964 legislation, which extends the investor protections of the Exchange Act to the over-the-counter securities markets. It has had, and will continue to have, far-reaching effects on many areas of the securities business, to the ultimate benefit of the more than 20 million Americans collectively referred to as the public investor.

It has occurred to me that these Amendments may be relatively "old hat" to many of you. They were enacted over 15 months ago. To date, almost 2,000 statements have been filed. Many of you have prepared and made these filings. Others have attended seminars and read scholarly articles in which the Amendments are treated in far greater detail than would be possible here.

Although they came some 30 years later, the 1964 Amendments were the logical extension of the 1933 and 1934 Acts. They came as a direct result of the assertion by the Special Study of Securities Markets that the distinction between listed and unlisted securities was not a valid one. This assertion had been made by others, but efforts to extend the protections of the Exchange Act to unlisted securities had previously failed.

As enacted, the Amendments extend the registration, reporting, proxy and insider trading provisions of the Exchange Act to issuers whose securities are traded other than on a

national securities exchange, and who have over $1 million in total assets and more than 750 shareholders of record. The shareholder requirement is to be automatically reduced to 500 after July 1, 1966. We estimate that this reduction will bring another 600 companies under the requirements.

The registration requirement is simply that the issuer file a registration statement with the Commission, in a form quite similar to that employed by listed companies. This statement is a matter of public record, and contains much the same information as would be found in the registration statement and prospectus of a company wishing to sell securities to the public. The registration forms and the instructions provided are helpful. Every company is, however, to a greater or lesser degree unique, and the registration form is therefore not something which may be haphazardly thrown together by a clerk. It requires the serious attention of top management and of counsel. It should be noted in this regard that the civil liability provisions of the securities acts are available to one who is damaged by a misstatement in, or by the omission of a material fact from, information filed with the Commission. This alone would seem to provide sufficient incentive toward completeness and accuracy.

The reporting requirements are the means by which the information in the public registration statement is kept current. What could be more useless to an investor or a prospective investor than two-year-old financial statements? Further, how can an investor adequately evaluate a major change in corporate policy adopted by the board of directors if he doesn't know about it -- all about it? I would hope that the answers to both of these questions are self-evident.

The reporting requirements encompass annual reports, consisting primarily of audited financial statements, semi-annual reports of financial condition, and periodic reports of significant corporate happenings when they occur. Of the 2,000 issuers which have filed to date, over 1,200 are companies which were already subject to the reporting requirements by virtue of having made public offerings under the Securities Act. Many others have found that these requirements pose few problems due to their similarity to existing shareholder-information practices.

The proxy requirements are another extension of the principle of disclosure. Their basic hypothesis is that an investor is entitled to have at his disposal all material information as to

matters concerning which his vote is solicited. The 1964 Amendments also recognized that a shareholder is entitled to the same information on proposed shareholder action even if his proxy is not solicited. After all, his interest as a shareholder is no less simply because management has not seen fit to seek his proxy.

The proxy rules provide elaborate but flexible machinery which accommodates the most routine election of directors, as well as the most complex proxy fight.

There is no specific statutory authority for civil action by a shareholder who claims injury from false, misleading or incomplete information in a proxy statement. The courts, however, (notably the United States Supreme Court in the 1964 case of J. I. Case v. Borak), have liberally implied private rights of action. The theory seems to be primarily one by which the courts find a remedy where there has been a wrong. Thus, where shareholder approval has been wrongfully obtained, corporate actions which could not have been successfully attacked under state law may be invalidated. With this background, it would seem that a word to the wise should be sufficient, at least to ensure great care in the preparation of proxy information.

Next, we come to the so-called "insider trading" provisions of Section 16. An "insider" for purposes of this section is an officer, director or a shareholder owning more than 10% of a registered security of the issuer. He must, upon registration of the security or upon becoming an insider, file a statement disclosing his ownership in all classes of the issuer's equity securities. Any change in such ownership must be reported as well. Profits realized by an insider from a purchase and sale or sale and purchase during any six-month period are recoverable by or for the issuer. The courts have applied this provision strictly, finding both "purchases" and "sales" in events which bear little resemblance to the usual understanding of those terms.

This provision is absolute, with the result being the same whether or not the transactions were motivated by inside information. The exemptive power granted to the Commission has been exercised in a few special instances where application of the rule would serve no public purpose.

Recent events have directed wide public attention to duties and obligations of insiders, completely apart from those imposed and enforced by the insider trading provisions. One of these events, of course, was the Commission's suit against Texas Gulf Sulphur Company

and a number of its insiders. Another, although the subject of less national publicity, was the contemporaneous suit against Golconda Mining Co. These suits do not, as has been pointed out by all too few financial writers, represent a venture by the Commission wholly into unexplored territory.

Rule 10b-5, which underlies both suits, has been in force since 1942. As perhaps the premier anti-fraud rule under the securities acts, it has been interpreted on countless occasions by the Commission and by the courts. It is clear that the common law concepts of deceit and fraud, with their time-honored restrictions, provided remedies which were insufficient to satisfy the purposes of the Federal securities laws. The courts were quick to imply private rights of action under 10b-5 to redress injuries in cases where the injured party may or may not have been able to meet the common law burdens.

Just over four years ago, the Commission issued its opinion in Cady, Roberts & Co., a broker-dealer disciplinary proceeding. The facts there were simple. A director of a large listed company was also an employee of the broker-dealer. After attending a directors' meeting at which the dividend was cut by 40%, but before the action was communicated either to the news media or the New York Stock Exchange, the director called a partner of the broker-dealer and informed him of the dividend cut. The partner then ordered substantial sales and short sales of the stock for discretionary and other accounts. All of these transactions were executed before the news was publicly announced.

The Commission held that the partner violated Rule 10b-5. It was held that, since any transactions by the director would have clearly been proscribed, the proscription must extend to the partner in order to be meaningful. The partner urged that the responsibilities of an insider are only to existing stockholders. This argument was rejected, as its acceptance would operate to protect a seller while ignoring a buyer in the same fact situation. Such a result would have thwarted the clear intent of Rule 10b-5, to protect against fraud in connection with the purchase or sale of a security.

It was also urged that insider responsibilities in "face-to-face" transactions are more stringent than in exchange transactions. This contention was likewise rejected. The Commission quite correctly pointed out that a suspension or withdrawal of the

anti-fraud provisions as to transactions executed in the country's primary securities markets would indeed be anomalous.

The Cady, Roberts doctrine is one of the principal bases for the Texas Gulf and Golconda actions. In Texas Gulf, the Commission has alleged that certain insiders traded on inside information and that certain persons who were privy to inside information passed on "tips" to their friends, allowing them to do the same. As used here, "insider" is a word of convenience, not of art, and it is not limited to the Section 16 definition. It is also alleged that the company itself issued a false and misleading press release relative to the same information -- a substantial ore strike in the Timmins, Ontario area.

In Golconda, it is charged that 10b-5 was violated by insider trading based upon alleged knowledge that an exchange of securities in a prospective merger would be in a ratio at substantial variance with the then current market prices of the securities. The insider there was a member of the board of directors of both companies.

The factual and legal questions raised in these actions must ultimately be answered by the courts. Certain assertions which have appeared in the press, however, may be answered, irrespective of the outcome of this litigation.

First, it has been suggested that no officer, director, principal stockholder or key employee may ever safely buy or sell his company's stock. Of course, most, if not all, insiders necessarily possess information which is not available to the general public. The great bulk of such information, however, is not such as would bring Rule 10b-5 into play. For the most part, such data is composed of material vital to the day-to-day operation of an enterprise, but of little or no substantive value in arriving at an informed investment decision. Several rules of thumb have been suggested for application in this area. Two of the most helpful are as follows: First, is the inside information such that its disclosure could be reasonably expected to affect the market price of the company's stock? Second, would its disclosure be likely to affect materially the investment decision of a prospective buyer or seller? Either of such tests could be applied, as the facts warrant.

I recognize that the presence of the concepts of "reasonableness" and "materiality" may make this something less than definitive. Neither the Congress nor the Commission intended, however, that the anti-fraud provisions should specifically proscribe

every conceivable act or practice within their ambit. These provisions were drawn so as to encompass fraudulent schemes, no matter when or by whom devised. I am sure we can agree that inventiveness is a trait, though not a virtue, of the unscrupulous. P. T. Barnum's rather cynical commentary on the nature of people -- "There's a sucker born every minute" -- will always be their touchstone.

In the anti-fraud sphere, as in so many other areas of securities regulation, we see precious few situations which are either all black or all white. We are continually confronted with facts and circumstances in numberless shades of gray. The courts, the Commission and counsel, therefore, are faced with the practical necessity of dealing with situations as they arise, on an ad hoc basis.

Counsel must familiarize himself with the available guidelines, educate his clients as to them, and emphasize that except in the clearest of cases the risk of Rule 10b-5 liability greatly outweighs the potential profit to be realized from insider transactions. As you know, the duty of insiders to shareholders has often been analogized to that of a fiduciary to his cestue que trust. Whether or not this is a proper analogy in all situations, it would, nevertheless, be wise for counsel to view potential 10b-5 problems in this context. The Commission is not, and has no desire to be, the author or enforcer of a universal code of corporate ethics. Each individual must determine for himself what is and what is not ethical in each situation, circumscribed by provisions of law and, in many instances, sound corporate policy. By the same token, the Commission is charged with responsibility for the administration of the Federal securities laws, of which the anti-fraud provisions are an integral and indispensable part. In this capacity, it must seek enforcement of these provisions under standards judicially and administratively established in the public interest and for the protection of investors. The anti-fraud provisions will be called into play in the vast majority of cases only when the conduct complained of has reached beyond what reasonable men would consider to be ethical. I do not foresee, therefore, any conflict between established ethical considerations and the policy of the securities laws.

This may be exemplified by a recapitulation of the situations in the three cases to which I have referred. In Cady, Roberts there was a settled, but unannounced, 40% reduction in the dividend. In Texas Gulf the violations charged concerned insider trading allegedly based upon the results of a drill hole subsequently characterized as "one of the most impressive drill holes completed in modern times," and an allegedly false and misleading press release concerning it.

In Golconda the charged violation was based upon alleged knowledge by a member of both boards of an exchange ratio at substantial variance with current market prices. We allege that the ratio, while not absolutely final, was known to be a virtual certainty.

These cases do not suggest that corporations must immediately disclose all such information. It is universally recognized that there are many occasions when the exercise of sound business judgment requires that a corporate "secret" be kept, at least for a time. There will always be occasions when a premature announcement could thwart a valid corporate objective and do irreparable damage to the company and its stockholders.

The cases referred to should cast no doubt whatever on these principles. What they seek to establish in the courts is the principle which was articulated by the Commission in Cady, Roberts; namely, that when the information possessed by the insider is such that disclosure is required, the insider must make that disclosure or forego transactions in the company's securities.

Another area of misunderstanding which has unfortunately been raised in connection with these two cases regards the flow of corporate publicity. Of course, it is a strong policy of the Commission, and of the self-regulatory bodies in the securities industry, to foster and promote a free flow of legitimate corporate information. It should be self-evident that this policy does not extend to false and misleading statements. Neither does it require that each and every piece of information made available be immediately communicated to the entire population.

Information conveyed by corporate personnel to the press or to financial analysts quite often will be more comprehensive than that which is condensed into the annual report to shareholders. It may cover interim occurrences or subjects which are not specifically covered by reports to shareholders. Such information would be supplied in answer to specific inquiries from analysts or members of the press, and would be available upon request to any interested person. It would not be volunteered to a limited group of personal friends while being withheld from others, as is alleged to be the case in Texas Gulf. Further, the fact that certain information is of interest to a financial analyst or a reporter does not mean that it would meet the guidelines I have described for application of Rule 10b-5.

The availability and broad dissemination of corporate information is one of the principal bases of the high degree of public confidence now enjoyed by the securities industry. I can conceive of very few limitations on the flow of pertinent and accurate information which would be in the public interest. I am equally convinced that the same public interest requires that the Commission and the courts condemn not only the dissemination of false or misleading information, but also the use of undisclosed information for the personal aggrandizement of insiders and their friends. In my view, these two positions are not inconsistent but complementary.

The title of this talk promises a discussion of some changing concepts in Federal securities regulation. I have mentioned the 1964 Amendments, which, while of vital importance, are merely the logical extension of tenets held since 1933 as basic to the scheme of Federal securities regulation. I then discussed recent actions brought by the Commission under the 23-year-old Rule 10b-5, which I characterized as being identical in their principal thrust to a Commission administrative decision issued four years ago. The changing concepts to which I will devote the remainder of my time involve a Federal law enacted 75 years ago, a New York Stock Exchange constitutional provision which has been unchanged in principle since its adoption under the buttonwood tree some 173 years ago, and several other matters inextricably bound to these, but of somewhat more recent origin.

The Federal law to which I refer is the Sherman Anti-Trust Act of 1890, designed to prevent combinations and conspiracies which tend or are intended to eliminate competition or otherwise operate or result in restraint of interstate trade. The New York Stock Exchange provision, in existence since the formation of the Exchange in 1792, requires that members charge customers commissions not less than those found in its schedule of minimum commission rates. This structure has recently been described as a "fortress designed to safeguard the commission system and to prevent price cutting."

This "fortress" has directly or indirectly spawned several of the problems currently before both the Commission and the courts. These problems, oddly enough, have been highlighted in recent months by actions of the several regional exchanges. As is the case with the New York Stock Exchange, all regionals have minimum commission rate schedules. With the exception of the Midwest Stock Exchange, the major regionals have either adopted new rules or implemented existing ones allowing members to share their commissions with non-members. This practice is prohibited by New York Stock Exchange rules.

As you know, many firms hold memberships on one or more regional exchanges, as well as on the so-called "Big Board," and their number is increasing. Likewise, many securities listed on the Big Board are also listed on one or more of the regionals. Thus, firms which are members of the New York Stock Exchange and of one or more regionals may trade in dually listed stocks on the regionals and split their commissions with non-members. It appears that they are doing just that in increasing numbers, for various reasons. Lest at this point you might perceive a shadow of impending doom hovering over the Big Board, it should be noted that last year it accounted for almost 83% of the market value of securities traded on all of the nation's registered stock exchanges. On the other side of the coin, however, is the fact that the figure was 86 1/2% in 1962.

Much of this shift -- though it may appear to be nominal, it involves big dollars -- may be traced to the commission-splitting rules of the regionals. The over-the-counter broker whose customer wants to buy a listed stock is one example. He is not likely to send his good customer to the New York Stock Exchange member down the street -- he might never see him again. On the other hand, if he has that firm execute the transaction, and it is executed on the Big Board, he can receive no part of the commission, which must be charged, for the time and effort he has spent in arranging and accounting for the transaction. He may receive research assistance or, in some instances, "private wire" arrangements with the member firm. The possibility of direct pecuniary benefit comes, however, from the other firm "reciprocating" when it has over-the-counter business that it cannot or does not want to handle. If, however, the security in question is dually listed and the firm executing the transaction is a dual member, our over-the-counter broker may request execution on a regional exchange. Then, he may receive up to 40% of the commission earned by the executing member. He has bagged the proverbial bird-in-hand.

Another factor in the apparent shift is the dramatic growth of the open-end investment companies, or mutual funds. In 1940, after the passage of the Investment Company Act, the total assets of the mutual funds then registered with the Commission amounted to less than $500 million. At June 30, 1965, registered mutual funds had total assets of over $32.5 billion. This phenomenal growth has taken place for the most part in the past 10 to 15 years. For instance, the December 31, 1964 total was just over $29.5 billion, which means that it increased by approximately $2 billion in the six months ended June 30, 1965. The growth rate is, if anything, increasing.

The Commission is presently in the process of completing an analysis of the investment company industry, and the regulation of it under the Investment Company Act.

Although the value of securities held by mutual funds has increased markedly due to general market appreciation, most of the growth may be traced to new dollars coming to them from investors, substantially exceeding those paid out to shareholders redeeming their shares. The investment of these monies and normal trading, in pursuance of stated investment policies, have made the mutual fund manager among the most sought after of customers for securities brokers. To illustrate; the brokerage commissions paid in 1964 on purchases and sales of securities by mutual funds have been estimated at more than $65 million.

Mutual funds and other institutional investors buy and sell securities in large quantities. The commission rate structure, however, contains no provision for a volume discount; that is, the commission on 1,000 shares of a given security is 10 times that on 100 shares, and so on. This is true on all exchanges. Knowing that the commission is a fixed cost, fund managers have sought ways to employ it to best advantage. The Big Board's rules allow a practice known as the "give-up," but only as between members. This practice consists of the manager directing that the executing broker "give up" a portion of the commission which he must charge on the transaction to one or more other member firms. Presumably, in a large transaction, the member's commission will be more than sufficient to defray his costs and afford him a reasonable profit, and he will be agreeable to the arrangement. He also knows that the manager's future brokerage could go to any one of several hundred other member firms.

The "give-up" allows the manager to remunerate other member firms for past services, such as research or the sale of fund shares, or to provide incentive for future sales of fund shares. He may do this without unnecessarily fragmenting his brokerage orders.

The "give-up" practice thus exists on the Big Board. This fact, however, does not help the managers who need to repay non-member firms because of the prohibition of commission-splitting with non-members. These needs are filled, at least in part, by the rules of the regional exchanges. The manager may use the same broker, if a dual member, to buy or sell the same stock, if dually listed, and direct that the execution be made on a regional exchange. He may then direct give-ups to anyone encompassed by the regional exchange's rule.

It will be seen that the dual member receives the same net amount of commission in either case, but the manager has achieved broader diversification for his give-up largesse. The give-up is a valuable commodity, and it has been suggested that many managers would not favor a volume discount, as it would make the give-up passe'.

Some mutual fund complexes employ their own sales forces, and do not rely upon other broker-dealers for the sale of fund shares. It can readily be seen that the "give-up" is of little value to managers of funds with captive sales forces. Two of the largest and most influential of this type of fund complex have recently taken a step which, in theory at least, should substantially reduce their brokerage costs and lessen their dependence on Big Board member firms. Both of these concerns formed wholly-owned broker-dealer subsidiaries and, upon application, they were duly accepted for membership on the Pacific Coast Stock Exchange. Since the management companies are publicly-owned, directly and through their affiliation with mutual funds, they could not have been admitted to membership on the Big Board, or, for that matter, to any other regional exchange. The rules of the Pacific Coast Stock Exchange were amended to permit their entry.

These two fund complexes may now channel their brokerage business -- or at least that part of it which involves stocks listed on the Pacific Coast Stock Exchange -- through their subsidiaries, without paying any commission to unaffiliated broker-dealers. The two firms manage funds with total assets of over $6.7 billion, more than 20% of the total for all mutual funds. These funds generate several million dollars in brokerage each year. These moves, therefore, are of far more than mere academic interest to the broker-dealer community. Presumably, commission income received by these firms in excess of that required to provide a reasonable return on invested capital will be passed on, in the form of lower advisory fees, and will ultimately benefit fund shareholders.

It has been asserted that the principles of the Sherman Act cut across all of these areas. Be that as it may, that Act is directly involved in yet another recent development.

Last March, a shareholder of four mutual funds sued as joint defendants the funds' management companies, four Big Board member firms, and the New York Stock Exchange. The charge, basically, is that the commission rate structure itself, and the mandatory

adherence to it by member firms, results in combinations and conspiracies tending to eliminate competition and to restrain interstate trade, in violation of the Sherman Act.

The Supreme Court, in the celebrated Silver case, has held that anti-trust principles can be applied to certain exchange activities. It has been suggested that the rule of the case was limited to self-regulatory areas over which the Exchange Act failed to provide explicit Commission oversight. The court said, in effect, that there will be no immunity from the anti-trust laws where the challenged action or activity is not necessary to the fulfillment of the policies and purposes of the Exchange Act. The suit last March appears to constitute an attack on a broader front.

As in the case of any justiciable controversy, especially one with broad national implications, one can find knowledgeable opinions to support almost any position. There are those who feel that stock exchanges should have no exemption from the anti-trust laws, no matter what the sphere of activity. Others feel that an absolute exemption should be granted. There are innumerable shadings on these polar positions. It has been said by some that the Congress recognized that certain exchange functions might otherwise be deemed violative of the Sherman Act, which had then been in effect for 44 years, and that by failing to prohibit them in the Exchange Act they were implicitly sanctioned. This argument was exploded, at least as to the facts there presented, by the Silver case. Others point to the Maloney Act of 1938, which became Section 15A of the Exchange Act. It provides an explicit exemption for national securities associations formed and operated under its provisions. This, of course, adds fuel to the argument of those who claim that Congress did not intend that the exchanges have such an exemption. Otherwise, they argue, it would have been granted explicitly, in 1938 if not originally.

It may be noted here that the Maloney Act specifically prohibits national securities association rules from fixing a minimum rate of commission, whereas Section 19(b), relating to the exchanges, appears at least to recognize the existence of rate-making authority in the exchanges.

This discussion would not be complete without a reference to the so-called "third market," its impact on the exchange markets and the interplay of its activities with the Big Board's Rule 394. The third market is actually a combination of the other two -- it is a

negotiated, over-the-counter market in listed securities. Its existence appears to be primarily due to two factors. First, the lack of a volume discount makes it possible in some instances for a non-exchange member to negotiate trades as principal at prices away from the current exchange market, but which still afford a better net figure, due to the impact of the commission which would have to be charged on the exchange. This ability to "undersell" the exchange, when it exists, is more pronounced in the large, or "block," transactions, since the exchange commission rises in direct proportion to the total value of the securities bought or sold.

The second factor is the ability of these market-makers to handle blocks of extreme size. For the most part, they are financially geared for such transactions. Specialists on the exchange, although also well-capitalized, may not always be able singlehandedly to absorb such large amounts. The exchange has developed machinery which can assimilate almost any block transaction, but in some instances the fixed commission rate is a deterrent, as is the mandatory "print" of the transaction on the tape, which some institutional investors would like to avoid for a variety of reasons. Further, the handling of blocks of extreme size on the exchange necessarily takes time.

The third market is not limited to block transactions. Some non-members apparently like to deal for their customers and for themselves outside the strictures of the exchange commission rate structure. The third market provides a means by which the small broker-dealer may earn a commission on small trades in listed stocks. Of course, he may charge a commission on an exchange-executed transaction, but it would be in addition to the stock exchange commission, and as a practical matter this is seldom done.

Rule 394 of the New York Stock Exchange, currently under study by the Commission, provides in essence that no member may trade off-board in any listed stock without specific permission of a floor official. This rule, except in very special circumstances, prevents a member from taking his customer's order to the third market. Interesting questions are raised by Rule 394, including the extent of a broker's responsibility to obtain the best possible execution for his customer. The concept of best execution, and Rule 394, may lie beneath the surface of the recent anti-trust action, which is directed outwardly at the commission rate structure.

The relatively recent listing on the Big Board of the stock of one of the world's largest banks has brought some of the questions raised by Rule 394 into sharp focus. The market for this stock was

previously over-the-counter, as is the case for practically all bank stocks. A prominent New York bank stock dealer, who was a principal market-maker for the stock, opposed the listing, as Rule 394 would preclude any Big Board member from dealing with him in the stock. He has raised many questions, including some involving the anti-trust laws. The current study of Rule 394 will attempt to sort out these problems and to propose meaningful solutions. I hope this can be accomplished without radical surgery, so to speak.

Some of the developments which I have discussed are presently before the courts. Others are currently before the Commission in one form or another. Certain related problems will undoubtedly be brought before the Commission or the courts in future months. Under the circumstances, I could not propose solutions at this time even if I had them.

This recitation, however, should clearly indicate that the field of securities regulation is far from static. The securities industry is vital and growing. Like any other industry, growth brings problems, and they must be solved.

The problems now before the Commission and the courts, and the numerous solutions which have been proposed for them, remind me somewhat of a child's balloon. When an apparent weak spot causes a bulge in one place, pushing there invariably reveals another bulge somewhere else. I have experienced more than once the frustration of perceiving a perfectly valid solution to one problem only to find that the solution would create a problem in a related area. More often than not, the new problem is even more complicated and perplexing than the one originally sought to be resolved.

It is my sincere hope that, working together, the industry, the courts, the Commission and the Congress can do the kind of vulcanizing job on this balloon which will correct the weak spots without the necessity of radical structural repair.