

Heller
files

June 3, 1952

Mr. Wallace H. Fulton
Executive Director
National Association of Securities Dealers, Inc.
1625 K Street, N. W.
Washington 6, D. C.

Dear Wally:

Regarding the proposed statement to be made to the Heller Committee on page 2 paragraph 2(a) as it is now written limits solicitations in writing, other than through the use of the prospectus, to the period prior to effectiveness. The amendments originally proposed and discussed with SEC provide that written offerings could be made after effectiveness through the use of a screening document. I believe that the limitation of written solicitations after effectiveness to the use of a prospectus is one of the greatest hurdles our business has to overcome both because of the expense involved in the use of the prospectus and the difficulty of developing an interest in the securities through the use of a document which is so formidable. I would like to have some thought given to the change of paragraph 2 to read as follows:

After the filing date of the registration statement but prior to the effective date thereof, we suggest that the Act should be amended

- a) To permit oral offerings or solicitations of offers to buy during the period prior to effectiveness but it would be unlawful to make any contract of sale during this pre-effective period other than between issuers and underwriters, between underwriters, and between underwriters and dealers;

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- b) To provide for the distribution after filing of a registration statement of a processed document or summary prospectus containing information relating to the issue comparable to the present long-form newspaper advertisement;
- c) To permit written offers or the solicitation of offers to buy, or the dissemination of other written material prepared by the sender both during the waiting period and after effectiveness provided that such written offers or other written material would be subject to liabilities in Sections 12 and 17 of the Securities Act and such written material would be required to contain the statement that a prospectus is available.

With regard to the private placement matter I would like to have you and John look over the attached to see if in substance it should be added to the Heller statement.

Yours very truly,

C. A. Bickel

CAB:drw
Enc.



(Re Private Placements)

Lengthy hearings have been held by your Committee regarding the registration of private placement security issues now exempt from registration because they do not constitute public offerings. This Association does not, at this time, express an opinion with respect to the desirability of amending the Securities Act of 1933 to require the registration of all such offerings. However, there has been considerable publicity in recent months relating to a simplified registration procedure for high grade securities.

It is the considered opinion of this Association that

1. A simplified procedure for registration of high grade securities is highly desirable to reduce the cost of such registrations and, through acceleration, to minimize market risks.
2. Such procedure will make the two methods of financing more competitive and the registration of issues which would otherwise be sold privately will provide increased revenues for the Securities and Exchange Commission through the payment of additional registration fees.
3. Adequate standards can be developed to determine the securities which qualify for such registration which will be in the public interest and for the protection of investors.
4. Such standards should include a provision that the securities offered or securities of the issuer junior thereto shall be listed on a national securities exchange, or, in lieu thereof, that the issuer shall agree to make available to investors adequate financial information as may be determined by the Securities and Exchange Commission.

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