

NEWS

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Chairman Roderick M. Hills urged today that a joint SEC-Congressional initiative be launched to find ways of reducing the paperwork burden on small, publicly-held corporations, and on small securities brokerage firms.

"This is a much-needed reform that neither Congress, nor the SEC, can accomplish alone," the Chairman said.

"I would hope that the time between now and the convening of the 95th Congress in January could be put to good advantage by launching a joint effort to find ways of easing the regulatory burden which has over the years, and pursuant to various statutes, been imposed upon small businesses.

"Although much more can be done, the Commission and its staff did make substantial progress this year in reducing the paperwork burden."

On January 1, 1976 the Commission adopted the FOCUS report which consolidates the requirements upon broker-dealers for reporting to the SEC and to state regulatory agencies, and to self-regulatory agencies (such as the stock exchanges and the NASD) for purposes such as surveillance, annual audits, customer statements, and economic data collection. The uniform, simplified reporting system has now been adopted by the Commission, the securities industry self-regulatory organizations, and some 40 state governments.

In addition, the Chairman noted development of the so-called, "Forms U-3 and U-4" to streamline duplicative registration requirements for broker-dealers and agents. It was developed in concert by the SEC, the self-regulators and 49 states (only New Jersey has not yet agreed to its use).

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"Previously," Hills said, "each of us required a separate application from a single registrant despite the fact that the information being elicited by each of us is substantially the same. These new forms should substantially reduce the paperwork burdens of registrants who have registered with multiple self-regulatory or regulatory organizations. We understand that the savings potential of the action we have taken to date has meant the difference between an overall profit or loss to many broker-dealers."

Chairman Hills also noted that the Commission recently submitted to the Small Business Administration its tenth yearly report on what action the SEC has taken to ease regulatory burdens on small business investment companies (SBIC's). It listed some half-dozen initiatives in this area.

"There is universal agreement that the regulatory burden on smaller businesses should be reduced," Chairman Hills said, "but there are relatively few constructive suggestions on how to do so. The SEC has been in the forefront of efforts to accomplish this goal, and we will continue those efforts. However, we can do only so much on our own. We could accomplish a great deal more working in concert with the Congress, and I am hopeful we will have the opportunity to do so in the months ahead."

The Chairman added that, "It has been stated that we have failed to meet a Congressional mandate for reporting our efforts to reduce the regulatory burden on small businesses.

"However," he said, "the fact is that our initiatives in this area have been duly reported. For example, the Commission's Annual Report to Congress for fiscal year 1975 reports on activities under Regulation A, which exempts certain small corporations from many of the registration requirements for new issues of securities.

"The Annual Report points out that the Commission received 265 notifications that issuers would take advantage of this exemption during 1975, to issue a total of more than \$91 million worth of securities. Unfortunately, the number of companies that can take advantage of this exemption is limited since Congress has limited the amount of capital which may be raised under this procedure to \$500,000 for any company in a single year."

"In addition, the Annual Report also reported to Congress on the other recent efforts by the Commission, which I have mentioned, to ease the paperwork burdens for small broker-dealer firms."