

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C.

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President Eisenhower signed into law today the Administration's bill (S. 2846) to amend the Federal securities acts. The amendment will go into effect on October 10, 1954.

The bill had been passed unanimously in both the Senate and the House.

The act represents the first amendments of the securities acts in many years. Many previous efforts to improve the acts over the past thirteen years have proved abortive. A year of intensive work by the Senate Banking and Currency Committee and the House Interstate and Foreign Commerce Committee and the SEC has gone into this legislation.

An important provision of the amended law will permit wider use of offering prospectuses for new issues of securities, particularly short-form summary prospectuses, during the so-called waiting period after the registration statement has been filed with the SEC but before it has become effective. Normally this is 20 days. The SEC is presently drafting rules to implement this provision of the new law. Information will be more readily available to the investor before he actually buys the securities.

The amendments also permit greater use of newspaper advertisements during the waiting period. This should make it easier for small investors all over the country to invest in new issues of securities, whose distribution has up to now tended to be concentrated in a few cities having large capital markets.

Other provisions of the new law

- (1) reduce from one year to 40 days after distribution of a new issue of securities has been completed the period during which dealers must deliver prospectuses in trading transactions;
- (2) simplify the information required in a prospectus used in an offering that lasts more than 13 months;
- (3) reduce from six months to 30 days after distribution of a new issue has been completed the time when a dealer can extend a customer credit on the new securities;
- (4) clarify the SEC's rule-making authority on "when-issued" trading;
- (5) eliminate from prospectuses summaries of certain trust indenture provisions which have heretofore been required, thus permitting simplified, more readable prospectuses for debt issues; and
- (6) provide simplified procedures for registration of securities of investment companies, the so-called "mutual funds."

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