For RELEASE January 10, 1972

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

SECURITIES ACT OF 1933
Release No. 5225

ADOPTION OF AMENDMENTS TO REGULATION A

The Securities and Exchange Commission has adopted certain amendments to its Regulation A under the Securities Act of 1933. Regulation A provides an exemption from registration under the Act for limited amounts of securities of certain issuers which meet the terms and conditions of the regulation. The regulation requires, among other things, the filing of a notification with the appropriate regional office of the Commission and the filing and use of an offering circular furnishing specified information in regard to the issuer and the securities offered.

Rule 254 of Regulation A has been amended with respect to the amount of securities which may be offered thereunder. The amounts in the aggregate which may be offered by various persons during any 12-month period are as follows: the issuer, an estate of a deceased person within two years after the death of such person, and affiliates of the issuer may offer in the aggregate $500,000; except that any one affiliate (i.e., a person in a control relationship with the issuer) may offer only $100,000; and persons other than the issuer and its affiliates may offer $100,000 each, but the aggregate amount offered by all such other persons may not exceed $300,000 and would not be included in computing the $500,000 ceiling. Securities issued by predecessors and certain affiliates of the issuer which were sold during the same 12-month period by the person making the current offering would have to be included in determining the amount of the offering.

Item 11 of Schedule I to Form 1-A, the notification form, has been amended to provide that where the notification is filed by an issuer which has filed or is required to file with the Commission certified financial statements for its last fiscal year, the financial statements required to be included in the offering circular for such fiscal year shall be certified.

Two changes have been made in the rule as published for comment in Securities Act Release No. 5188. The first is that the definition of person has been conformed to that used in Rule 144. The second is that the rule has been revised to incorporate therein the limitations in the existing rule on the aggregate offering price of securities offered or sold by or on behalf of the estate of a deceased person within two years after the

death of such person and by or on behalf of affiliates of the issuer. The purpose of the proposed amendments was to to assist small businesses, to provide relief for non-affiliates who wish to sell restricted securities, and not to otherwise materially change the provisions of the existing rule.

The text of the amendments follows:

Rule 254. Paragraph (a) of Rule 254 has been amended to read as follows:

(a)(1) The aggregate offering price of all securities of the issuer offered or sold pursuant to this regulation and any other securities offered or sold within one year prior to the commencement of the proposed offering pursuant to any other exemption under Section 3(b) of the Act or in violation of Section 5(a) of the Act, shall not exceed the following amounts:

(A) $500,000 if the securities are offered or sold by or on behalf of the issuer, or by the estate of a decedent who owned the securities at death if offered within two years after the death of the decedent, or by affiliates of issuer; provided that the aggregate offering price of securities offered or sold by or on behalf of any one affiliate, other than an estate shall not exceed $100,000; and

(B) $100,000 if the securities are offered or sold by or on behalf of any person other than the issuer or its affiliates; provided that the aggregate offering price of all such securities offered or sold by or on behalf of all such other persons shall not exceed $300,000 and provided that the aggregate offering price of securities offered or sold by or on behalf of an estate pursuant to this paragraph and paragraph (A) above shall not exceed $500,000.

(2) When two or more persons agree to act in concert for the purpose of selling securities of the issuer, all securities of the same class sold for the account of all such persons during any 12-month period shall be aggregated for the purpose of determining the limitation on the amount of securities sold.

(3) The following definitions shall apply for the purposes of this rule:

(A) The term "securities of the issuer" shall include securities issued by any predecessor of the issuer or by any affiliate of the issuer which was organized or became such an affiliate within the past two years.

(B) The term "person" when used with reference to a person who offers securities in reliance upon the exemption provided by this rule includes, in addition to such person, all of the following persons:

(i) Any relative or spouse of such person, or any relative of such spouse, any one of whom has the same home as such person;

(ii) Any trust or estate in which such person or any of the persons specified in (i) collectively own ten percent or more of the total beneficial interest or of which any of such persons serve as trustee, executor or in any similar capacity; and

(iii) Any corporation or other organization (other than the issuer) in which such person or any of the persons specified in (i) are the beneficial owners collectively of ten percent or more of any class of equity securities or ten percent or more of the equity interest.

Form 1-A. The first paragraph of Item 11 of Schedule I of Form 1-A has been amended to read as follows:

11. Furnish the following financial statements of the issuer, or of the issuer and its predecessors, prepared in accordance with generally accepted accounting principles and practices. The statements required for the issuer's latest fiscal year shall be certified by an independent public accountant or certified public accountant if the issuer has filed or is required to file with the Commission certified financial statements for such fiscal year; the statements filed for the period or periods preceding such latest year need not be certified.

* * * * * *

The foregoing action, which was taken pursuant to the Securities Act of 1933, particularly Sections 3(b) and 19(a) thereof, shall become effective **April 15, 1972.**

By the Commission.

Ronald F. Hunt
Secretary

GPO 922-426