

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 200, 230, 239, and 240

Release Nos. 33-6426 and 34-19055

Registration Statement and other Disclosure Documents Related
to Standardized Options

AGENCY: Securities and Exchange Commission.

ACTION: Final Rules.

SUMMARY: The Commission today announced the adoption of three rules and a new optional registration statement designed to make the disclosure of information about standardized options more meaningful to investors and less burdensome to registrants and others.

EFFECTIVE DATE: These amendments are effective [30 days after publication in the Federal Register] for all documents filed on or after that date, but registrants and others may use the new rules and optional registration statement immediately.

FOR FURTHER INFORMATION CONTACT: Thomas G. Lovett (202) 272-2913 or William L. Golden (202) 272-2855, Division of Market Regulation, regarding Rule 9b-1, and John Thomas (202) 272-2748 or David B.H. Martin (202) 272-2573, Division of Corporation Finance, regarding Form S-20 and Rules 134a, 135b, and 153b, Securities and Exchange Commission, 450 5th Street, N.W., Washington, D.C. 20549.

SUPPLEMENTARY INFORMATION: The Securities and Exchange Commission today announced the adoption of three new rules

and one new form relating to the offer and sale of standardized options. Specifically, the Commission has adopted: (1) an optional registration statement form, Form S-20 [17 CFR 239.20], to be used to register standardized options under the Securities Act of 1933 ("Securities Act") [15 U.S.C. 77a et seq.]; (2) Rule 153b [17 CFR 230.153b], which provides that the delivery requirement of Section 5(b) of the Securities Act is satisfied by providing copies of the Form S-20 prospectus to the options market(s) on which the options are traded; (3) Rule 9b-1 [17 CFR 240.9b-1] under the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. 78a et seq.], which establishes an options disclosure document (the "disclosure document") containing information concerning standardized options and options trading; and (4) Rule 135b [17 CFR 230.135b], which exempts the disclosure document from the requirements of Section 5 of the Securities Act. The new rules and form are intended to enhance investor understanding of standardized options by presenting all essential information about such options in a more readable Exchange Act disclosure document, and by making available a prospectus for investors who may be interested in more detailed information about the issuer of the options.

In addition, the Commission is adopting Rule 134a [17 CFR 230.134a] under the Securities Act, which permits the dissemination of instructional information about options

and options trading without such information being deemed a prospectus for purposes of Section 5 of the Securities Act.

Finally, the Commission is delegating to the Director of the Division of Market Regulation the authority to accelerate or extend the time period with respect to distribution of the disclosure document or amendments thereto and to require refiling of the disclosure document or amendments.

I. Discussion

The Commission received thirteen letters in response to its request for comments on the proposal to establish a new disclosure framework specifically tailored to the information needs of investors in standardized options. 1/ While generally supportive of the proposal, the commentators made a number of suggestions which they believed would further reduce compliance burdens and simplify investors' review of the information required to be disclosed. As a result of these suggestions and further analysis by the Commission, the final rules reflect several modifications from those proposed.

A. Form S-20 Registration Statement and Rule 153b

1. Delivery of the Prospectus pursuant to Rule 153b

In proposing Form S-20, the Commission stated that the delivery requirements of Section 5(b)(2) of the Securities Act constituted the basic statutory means of assuring that investors are provided with material information about the

1/ Securities Act Release No. 6411 (June 24, 1982) [47 FR 28688] (the "Proposing Release").

registrant and the securities being offered. The commentators pointed out, however, that in the context of the proposed options disclosure framework, the disclosure document, 2/ rather than a traditional prospectus, would be the investors' primary source of information about standardized options. 3/ Commentators argued that a prospectus delivery requirement would be contrary to the stated goals of reducing costs and simplifying disclosure concerning standardized options trading. It was strongly urged that, for the convenience of investors and to minimize the distribution burdens that otherwise would be imposed upon registrants and broker-dealers, the Commission should not require actual delivery of the prospectus to investors.

In response to these concerns, the Commission is adopting Rule 153b, which provides that the statutory requirement to deliver the prospectus portion of Form S-20 shall be deemed to be satisfied by the registrant's delivery of copies of the prospectus to each options market trading the options covered

2/ As discussed below, the new system contemplates that disclosure to investors may be accomplished by delivery of a series of disclosure documents: a "core" document discussing options trading generally and supplemental documents describing specific options classes or kinds of options, such as debt options or foreign currency options.

3/ See, e.g., comment letters of the Options Clearing Corporation ("OCC") and the Securities Industry Association ("SIA") (File No. S7-935). All subsequent comment letters also refer to comments contained in File No. S7-935 submitted in response to the Proposing Release.

by the prospectus in order to redistribute the prospectus to any investor who requests it. 4/ The Commission is taking this step because it believes that the unique nature of standardized options, coupled with the significant costs savings associated with the proposed disclosure system, justifies this step. The availability of the rule is conditioned upon the issuer's providing a reasonable number of copies of the prospectus to the options market(s) and each options market promptly providing the prospectus to investors who request it. Because the subjects and issues raised by Rule 153b were discussed in the Proposing Release, the Commission is adopting the Rule without additional notice and comment.

2. Information Required in the Prospectus

The information required in Part I of Form S-20 relates to the registrant as issuer of the options. The Proposing Release identified four items of information that would be included in the Part I prospectus. Commentators addressed Items 3 and 4, a description of the securities to be registered and a discussion of the federal income tax consequences of the registered securities, respectively.

4/ In two other unique situations, the Commission has taken a similar approach with respect to the prospectus delivery requirement. Rules 153 and 153a under the Securities Act were adopted because of the impracticality of requiring compliance with the requirements of Section 5(b)(2) of the Securities Act in connection with the unusual circumstances of the transactions covered by those Rules. In this regard, see Commission Release at 2 FR 1075 (May 26, 1937) and Release No. 33-5316 (October 6, 1972) [37 FR 23636].

Item 3 would contain such information as whether certificates were issued, the registrant's procedures for accepting and rejecting transactions, remedies and the back-up system to assure performance of contractual obligations. One commentator questioned the need to bifurcate disclosure concerning the exercise of options between the disclosure document and the prospectus, 5/ and two commentators argued that, because of the changeability of the information in Item 3, should a prospectus delivery requirement be adopted, any reference to this information should be deleted so as not to require costly revision and recirculation of the prospectus each year. 6/ In view of the Commission's determination not to require delivery of the prospectus to investors, the concerns of the commentators appear to be alleviated. Moreover, the Commission believes that this information may be of interest to some options investors and, therefore, should be available to those investors through the prospectus. Thus, along with proposed Items 1 and 2, the Commission is adopting proposed Item 3 without change.

5/ Comment letter of OCC.

6/ Comment letter of the the American Bar Association ("ABA") and OCC.

Regarding proposed Item 4, which would have required a discussion of the tax consequences of options transactions, the Commission requested comment on whether, in the alternative, it would be preferable to include tax information in the disclosure document rather than in Part I of Form S-20. As discussed infra, almost all the commentators expressed the view that it would be more convenient to investors and less costly to registrants if the tax information were described generically and set forth in the disclosure document. 7/ Since the Commission has determined not to require delivery of the prospectus to investors, a discussion of tax consequences should be contained in the disclosure document. Item 4, therefore, has been deleted from the prospectus.

3. Information not Required in the Prospectus

With respect to proposed Item 5, which required presentation of the information about officers and directors called for by Item 401 of Regulation S-K, one commentator suggested that Item 401 required more information than would be of interest to most investors in options. 8/ The Commission notes, however, that information about the registrant's management is required to be furnished only in Part II of the

7/ Only the National Association of Securities Dealers ("NASD") suggested that, should a non-generic discussion of tax consequences of options trading be required, it should be included in the prospectus rather than the disclosure document.

8/ Comment letter of OCC.

registration statement and believes it is sufficiently important to warrant such disclosure.

No comments were directed to the other proposed informational requirements for Part II of Form S-20 which are being adopted as proposed. The numbering of the Items in Part II of the Form has been revised to reflect the changes, described above, in the content requirements of Part I.

B. The Rule 9b-1 Options Disclosure Document

Under the revised disclosure framework, Rule 9b-1 establishes a new disclosure document to be used in conjunction with new Form S-20. Much of the information presently required to be disclosed in the registration statement has been shifted to the disclosure document where it will be presented in a manner designed to enhance its readability to options investors.

1. Availability of Rule 9b-1

Rule 9b-1 is available to any "options market", as defined in the Rule, which markets and sells standardized options within the United States. The definition of options market encompasses not only domestic and foreign exchanges, but also an automated quotation system of a registered securities association. In discussing the availability of Rule 9b-1 in the Proposing Release, the Commission pointed out the

desirability of two or more options markets working together to prepare a single disclosure document covering options traded on each participating options market. Noting that the four existing U.S. options markets, for example, are currently cooperating with the OCC in developing a single disclosure document covering equity options, 9/ the Commission requested comment on whether the rule should specifically require options markets that permit the trading of options on the same type of underlying security to jointly prepare a disclosure document covering such options.

All commentators who addressed the issue supported the idea of joint preparation of disclosure documents whenever feasible, pointing out that separate documents would not only be burdensome and confusing to broker-dealers and investors but also duplicative and unnecessarily expensive to the industry. 10/ The commentators generally opposed, however, a specific requirement that the document be jointly prepared,

9/ While Rule 9b-1 speaks in terms of the "options markets" preparing the disclosure document, the Commission notes that the rule is not intended to preclude options issuers or others from participating in the preparation of the disclosure document, provided that the options markets themselves are primarily responsible for the document.

10/ See, e.g., comment letters of OCC, Trans Canada Options, Inc. ("TCO") and Merrill Lynch.

asserting that competitive, economic and administrative concerns would cause the options markets to cooperate in preparing joint disclosure documents, and that, in certain circumstances, separately prepared disclosure documents covering particular options products may be desirable and appropriate. 11/

Given these considerations and the fact that the existing options markets have demonstrated their ability to work cooperatively on a voluntary basis in preparing a basic disclosure document covering equity options, the Commission has determined not to mandate joint preparation.

A related concern was raised by the NASD. The NASD asserted that, because no options are "currently" quoted on NASDAQ, its automated quotation system, it might not meet the technical definition of an "options market" contained in paragraph (a)(1) of Rule 9b-1. It expressed the hope that, while the definition of an options market is phrased in the present tense, the rule would not exclude the NASD, which has pending before the Commission a proposal to trade options, 12/ from participation in the preparation of any disclosure documents.

11/ See, e.g., comment letters of NASD, OCC and TCO.

12/ See File No. SR-NASD-80-10.

By defining "options market" as a securities exchange or automated quotation system "on which standardized options are traded" (emphasis added), the Commission does not intend to limit the availability of the new disclosure system to the exchanges that currently operate options markets, but rather anticipates the system will be available to entities, such as the NASD or the New York Stock Exchange, which may serve as markets for standardized options in the future. Of course, if an entity assists in the preparation of a disclosure document in anticipation of beginning to act as a market for the option covered by that document, it must be listed as one of the preparers of the document.

2. Disclosure Requirements

Paragraph (c) of Rule 9b-1 sets forth the specific categories of information required to be disclosed in the disclosure document. Except with respect to proposed Item 8, which would have required a description of the tax consequences of trading options, there was virtually no public comment on the proposed informational requirements.

A number of commentators, however, opposed the proposed tax disclosure requirements. They asserted that, while investors should be informed of the importance of tax considerations to options investment decisions, the Commission should not require substantive discussion of

the specific tax provisions applicable to options transactions in either Form S-20 or the disclosure document. Several commentators contended that the disclosure document should merely contain a prominently placed statement advising investors that there are significant tax consequences of options transactions and that investors should consult their tax advisers before investing in options. 13/ One commentator, however, stated that tax consequences of options should be discussed in detail in the disclosure document. 14/

Commentators opposing a requirement that detailed disclosure of tax consequences be included in the disclosure document argued that the tax considerations attending options investment decisions are extremely complex and difficult to deal with effectively in the document without confusing the general, non-professional investor. It was asserted that, since tax considerations are by their nature highly technical, their inclusion in the disclosure document would burden it with lengthy and detailed discussions of little informative value. 15/

13/ See, e.g., comment letters of the SIA, the American Stock Exchange ("Amex"), Oppenheimer and Co., J.J.B. Hilliard, W.K. Lyons, Inc., and the OCC.

14/ Comment letter of Tucker, Anthony, and R.L. Day, Inc. See also comment letter of E.F. Hutton.

15/ See, e.g., comment letters of the NASD, OCC, SIA and ABA.

Several commentators also objected to inclusion of tax information in the disclosure document on the ground that tax law is especially vulnerable to legislative or administrative changes and, consequently, any tax treatment of options investments in the disclosure document might become quickly outdated. It was asserted that the disclosure document would therefore require frequent amendments and supplements which would vitiate one of the major purposes of the revised disclosure system--i.e., to relieve the options markets of the burden and costs of frequently redelivering disclosure material to options investors. 16/

One commentator also opposed inclusion of tax information on the ground that tax consequences depend upon the individual tax posture of each investor which no amount of detailed tax disclosure could address and, as a result each investor would generally have to consult with his own tax adviser in any event. 17/ Another commentator questioned the need for disclosure of tax information with respect to options investments when no such disclosure is required for investors who invest only in stocks and bonds. 18/

16/ See, e.g., comment letters of the NASD, OCC and ABA.

17/ Comment letter of the OCC.

18/ Comment letter of the ABA.

The Commission has considered these arguments carefully. It believes that, while the foregoing concerns regarding inclusion of substantive discussions of the tax consequences of options investments in the disclosure document are not without merit, tax consequences of options trading are such an integral part of options investment decisions that they should not be entirely excluded from the disclosure document.

The Commission recognizes, however, that detailed disclosure of tax consequences may necessarily result in a document that might be required to be amended at frequent intervals. Therefore, the Commission has determined to balance the need for tax disclosure with the goal of producing a simplified document that requires infrequent updating. Accordingly, the Commission is retaining the requirement of a discussion of the significant tax consequences of options trading in the disclosure document, but believes that such disclosure can be done generically by explaining that tax treatment is always relevant and often critical to the success or failure of a particular options strategy. Moreover, the document should note that different tax treatment may result from different dispositions of options positions and, with respect to option call writers, whether that person is covered or uncovered. The Commission also believes the document should inform investors of the importance of consulting with their tax advisers.

Thus, all the categories of information proposed to be included in the disclosure document pursuant to paragraph

(c) of Rule 9b-1 are being retained in the final rule. ^{19/} In addition, as a result of the adoption of Rule 153b, which permits delivery of the prospectus to be satisfied by delivery to the options markets, two more categories of information have been added to the content requirements for the options disclosure document. New Item 9 calls for the identification of the issuer of the options, including a brief reference to its function in clearing transactions and guaranteeing performance. New Item 11 requires a statement prominently displayed in the disclosure document to the effect that the options described therein are the subject of a registration statement filed with the Securities and Exchange Commission and indicates specifically from whom investors can obtain a copy of the prospectus.

3. Procedural Requirements

Rule 9b-1(b)(1) provides that the disclosure document be filed with the Commission 60 days prior to the date it is distributed to investors, unless the Commission "determines otherwise having due regard to the adequacy of the information disclosed and the public interest and protection of investors." Under this section, it is anticipated that the Commission will accelerate the time period for delivery if it determines that

^{19/} In its comment letter, the OCC expressed concern that detailed disclosure with respect to exercise and settlement of options would be required in the disclosure document. The Commission believes that a general discussion of these matters will be sufficient.

disclosure is adequate or extend the time in the event it is unable to make such a determination. As discussed below, the Commission has similar powers with respect to the filing of amendments.

Paragraph (b)(2) of Rule 9b-1 provides that a disclosure document must be amended should the information therein become materially inaccurate or incomplete. 20/ It further provides that an amendment must be filed with the Commission 30 days prior to the date definitive copies are furnished to customers, unless the Commission determines otherwise. Several commentators objected to the requirement of a 30-day advance filing of an amendment with the Commission. 21/ One commentator argued that the preparers must be able to amend or supplement a disclosure document promptly so as to avoid potential liability for information which, because of some unforeseen change, becomes materially inaccurate or incomplete. 22/ Another commentator contended that the failure to provide a "sticker" procedure could result in an unnecessary interruption in options trading. 23/

Since the inception of standardized options trading, no occasions have arisen in which the OCC, with little or no notice, has been required to amend or sticker its prospectus.

20/ Options markets are free, of course, to make any other amendments that they feel are necessary or appropriate.

21/ See comment letters of OCC and TCO.

22/ Comment letter of OCC.

23/ Comment letter of TCO.

Indeed, other than the annual amendments to the prospectus required under the Securities Act, 24/ the OCC has found it necessary only once to even supplement the prospectus. Given the more generalized nature of the disclosure document, the need to amend suddenly should be reduced further. Thus, in most cases, the Commission believes that the options markets should be able to identify and file needed amendments to the disclosure document substantially before such amendments need become effective. In the unusual case where a change of circumstances occurs which immediately affects options trading in a material way, the Commission believes that the options markets would successfully meet this disclosure obligation by the issuance of a prompt press release explaining the material change in information, coupled with the immediate filing of an amendment under the proposed rule. In that circumstance, paragraph (b)(1) of the Rule would allow the Commission to accelerate the time period where it determines that such acceleration is appropriate, having due regard to the adequacy of the information disclosed and the public interest and the protection of investors. Thus, the 30-day advance filing requirement has generally been retained.

24/ See Proposing Release at n. 6.

Nevertheless, the Commission has determined that, in the unusual case, an options market may distribute an amendment without the 30-day advance filing with the Commission where it determines, in good faith, that such delivery is necessary to ensure timely and accurate disclosure and provided that it also files the amendment with the Commission at the same time as, or prior to the time of, public distribution. While Rule 9b-1 would provide this alternative, the Rule also will allow the Commission to require refiling of a revised amendment within 30 days of filing, having due regard to the adequacy of the information disclosed and the public interest and the protection of investors. Paragraph (b)(2) of Rule 9b-1 has been modified to reflect this determination. 25/

25/ When faced with misleading disclosures or omissions, the Commission, of course, would also be able to employ its enforcement powers pursuant to the Securities Act and Exchange Act to address defective disclosure. For example, the Commission could employ Section 21 of the Exchange Act to obtain injunctive relief with respect to activities connected with that defective disclosure.

4. Certain Technical Amendments

In response to points made by one commentator, 26/ the Commission has made two amendments to the definition of standardized options in paragraph (a)(4) of Rule 9b-1. First, the Commission has amended the definition by deleting the phrase "trading on an options market," and specifically listing the markets on which options are traded, thereby eliminating any circularity in the proposed definition. Second, the Commission has added language to authorize the Commission, by order, to allow the use of Rule 9b-1 for new investment vehicles that the Commission believes should be included within the new disclosure framework.

Two commentators pointed out that while, under current exchange rules, a prospectus must be delivered to a customer "at or prior to the time" his or her account is approved for options trading, proposed paragraph (d) of Rule 9b-1 provides that an account may not be approved for options trading unless the broker or dealer "previously has delivered" the disclosure document. 27/ They argued that the delivery rule should be no more restrictive than existing exchange rules

26/ Comment letter of OCC.

27/ Comment letters of OCC and Amex.

governing prospectus delivery. The Commission agrees. The wording of paragraph (d) has been clarified to reflect the fact that the disclosure document may be furnished to a customer either before or at the time his or her account is approved for options trading.

5. Delegation of Authority

The Commission is amending its Rules of Organization to delegate to the Director of the Division of Market Regulation final authority to review the disclosure document, and amendments and supplements thereto, contemplated by Rule 9b-1 and, under appropriate circumstances, to allow the disclosure document or amendments to be distributed to the public prior to the time period specified in paragraph (b) of Rule 9b-1, or to extend the time period before which distribution can be made to the public. The Commission is also delegating to the Division the power to require refiling of disclosure documents or amendments. The Commission believes that such delegation would facilitate the processing of Rule 9b-1 disclosure documents. Accordingly, the Commission is amending Section 200.30-3 (17 CFR 200.30-3) of the Commission's rules relating to general organization by adding a new paragraph (a)(39) to delegate to the Director of the Division of Market Regulation the authority detailed above.

C. Rule 135b

Rule 135b provides that an option disclosure document prepared in accordance with Rule 9b-1 shall not be deemed to be an offer to sell or an offer to buy for purposes of Section 5 of the Securities Act. Several commentators contended that, as Rule 135b is drafted, it is unclear whether the disclosure document could be deemed to be a prospectus so as to subject the preparers to the liability of provisions of Section 12 of the Securities Act. 28/ For purposes of clarification, it should be noted that if the disclosure document is deemed not to be an offer to sell or buy it cannot be deemed to be a prospectus. Thus, the rule as drafted is in fact intended to relieve the preparers of the disclosure document from liability under Section 12(1) of the Act for distributing a disclosure document to investors which might, absent such relief, violate Section 5 of the Act. 29/

D. Rule 134a

In view of the complex nature of options trading, the Commission proposed the adoption of Rule 134a which would permit the preparation and dissemination of certain

28/ See, e.g., comment letters of OCC and TCO.

29/ In its comment letter, OCC also questioned whether it would be liable under the Securities Act if broker-dealers failed to deliver a prospectus to investors. With the adoption of Rule 153b, and delivery to the options exchanges, OCC's concern has been answered.

educational materials concerning options and options trading without deeming these materials to be a prospectus, as defined in the Securities Act. While several modifications in the proposed rule were urged, all commentators who addressed the Rule in their comments urged its adoption. 30/ The Commission is adopting Rule 134a as proposed.

As noted in the Proposing Release, the Commission's decision to permit the dissemination of additional educational information about options is based in part on its expectation that the self-regulatory organizations will use their established monitoring procedures to review and approve the options communications of broker-dealers and others pursuant to the provisions of the rule. 31/ In this regard, one commentator correctly noted that Rule 134a, as proposed, was not limited to broker-dealers and urged that the rule be made expressly applicable to issuers and the options markets as well. 32/ The rule is intended to encompass issuers and the options markets as long as the communications are subject

30/ See, e.g., comment letters of the NASD, TCO and Amex.

31/ The American Stock Exchange commented that it intends to amend its rules in this regard to ensure that it can carefully monitor compliance with the requirements of Rule 134a. The Commission expects that other self-regulatory organizations also will make any necessary adjustments in their rules and procedures.

32/ Comment letter of TCO.

to detailed self-regulatory review and clearance by people other than those who prepared the instructional material.

Although one commentator urged that Rule 134a be expanded to apply to all types of communications whether or not they are written, 33/ it would render self-regulatory review difficult or impossible in cases where no text of the communication could be reviewed in advance of its public dissemination. Nevertheless, the Commission intends that the term "written materials" be construed broadly to encompass any exact written version of a communication which subsequently may be presented in a different format, such as a video production or a speech.

II. Regulatory Flexibility Act Considerations

The Chairman of the Commission has certified that the proposed simplified disclosure system will not have a significant economic impact on a substantial number of small entities. The Commission did not receive any comments concerning the Chairman's certification.

33/ Comment letter of NASD.

III. Text of Final Rules

List of Subjects in 17 CFR Part 200

Administrative practice and procedure, Freedom of Information, Privacy, Securities.

In accordance with the foregoing, Part 200 of Chapter II, Title 17 of the Code of Federal Regulation is amended as follows:

PART 200--ORGANIZATION; CONDUCT AND ETHICS; AND INFORMATION AND REQUESTS

1. By adding paragraph (a)(39) to §200.30-3 to read as follows:

§200.30-3 Delegation of authority to Director of Division of Market Regulation.

Pursuant to Rule 9b-1,

(i) To enable distribution of an options disclosure document or amendment to an options disclosure document to the public prior to the time required in the Rule or to lengthen the period before distribution can be made;

(ii) To require refiling of an amendment to an options disclosure document pursuant to the procedure set forth in (b)(2)(a) of the Rule.

List of Subjects in 17 CFR Parts 230, 239 and 240

Reporting Requirements, Securities.

In accordance with the foregoing, Parts 230, 239 and 240 of Chapter II, Title 17 of the Code of Federal Regulations are amended as follows:

**PART 230—GENERAL RULES AND
REGULATIONS, SECURITIES ACT OF
1933**

2. By adding § 230.134a to read as follows:

§ 230.134a Options material not deemed a prospectus.

Written materials relating to standardized options, as defined in Rule 9b-1 under the Securities Exchange Act of 1934, shall not be deemed to be a prospectus for the purposes of Section 2(10) of the Securities Act of 1933: *Provided*, That such materials are limited to explanatory information, describing the general nature of the standardized options markets or one or more strategies: *And, Provided further*, That:

(a) The potential risks related to options trading generally and to each strategy addressed are explained;

(b) No past or projected performance figures, including annualized rates of return are used;

(c) No recommendation to purchase or sell any option contract is made;

(d) No specific option class is identified;

(e) The materials contain the name and address of a person or persons from whom a current prospectus meeting the requirements of Section 10 of the Act may be obtained; and

(f) If there is a definitive options disclosure document, as defined in Rule 9b-1 of the Securities Exchange Act of 1934, the materials shall contain the name and address of a person or persons from whom a copy of such document may be obtained.

3. By adding § 230.135b to read as follows:

§ 230.135b Materials not deemed an offer to sell or offer to buy.

For the purposes only of Section 5 of the Act, materials meeting the requirements of Rule 9b-1 of the Securities Exchange Act of 1934 shall not be deemed to constitute an offer to sell or offer to buy any security.

4. By adding §230.153b to read as follows:

§230.153b Definition of "preceded by a prospectus", as used in Section 5(b)(2), in connection with certain transactions in standardized options.

The term "preceded by a prospectus", as used in Section 5(b)(2) of the Act with respect to any requirement for the delivery of a prospectus relating to standardized options registered on Form S-20, shall mean the delivery, prior to any transactions, of copies of such prospectus to each options market upon which the options are traded, for the purpose of redelivery to options customers upon their request, Provided That:

(a) Such options market shall thereto have requested of the issuer, from time to time, such number of copies of such prospectus as may have appeared reasonably necessary to comply with the requests of options customers, and shall have delivered promptly from its supply on hand a copy to any options customer making a request thereof; and

(b) The issuer shall have furnished such options market with such reasonable number of copies of such prospectus as may have been requested by the options market for the purpose stated above.

**PART 239—FORMS PRESCRIBED
UNDER THE SECURITIES ACT OF 1933**

5. By adding § 239.20 to read as follows: [Form S-20 does not appear in the Code of Federal Regulations].

§ 239.20 Form S-20, for standardized options.

This Form may be used to register standardized options under the Securities Act of 1933 where the issuer undertakes not to issue, clear, guarantee or accept an option registered on Form S-20 unless there is a definitive options disclosure document meeting the requirements of Rule 9b-1 of the Securities Exchange Act of 1934.

Securities and Exchange Commission

Form S-20

**Registration Statement Under the
Securities Act of 1933**

(Exact name of registrant as
specified in its charter)

(Address, including zip code, and
telephone number, including area code, of
registrant's principal executive offices)

(Name, Address, including zip code,
and telephone number, including area code,
of agent for service)

Approximate date of commencement of
proposed sale to public

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be registered	Proposed maximum fee or charge per unit	Proposed maximum aggregate fee or charge	Amount of registration fee
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Form S-20—GENERAL INSTRUCTIONS

I. Eligibility requirement for use of Form S-20

This form may be used for registration of standardized options under the Securities Act of 1933 ("Securities Act") provided that the registrant undertakes not to issue, clear, guarantee or accept an option registered on Form S-20 unless there is a definitive options disclosure document meeting the requirements of Rule 9b-1 of the Securities Exchange Act of 1934 with respect to the options class.

II. Application of General Rules and Regulations

A. Attention is directed to the General Rules and Regulations under the Securities Act, particularly those comprising Regulation C [17 CFR 230.400 to 230.494] thereunder. That Regulation contains general requirements regarding the preparation and filing of the registration statement.

B. Attention is directed to Regulation S-K [17 CFR Part 229] for the requirements applicable to the content of the non-financial statement portions of registration statements under the Securities Act. Where this Form directs the registration to furnish information required by Regulation S-K and the item of Regulation S-K so provides, information need only be furnished to the extent appropriate.

Part I. Information Required in Prospectus

Item 1. Forepart of the Registration Statement and Outside Front Cover Page of Prospectus. Set forth in the forepart of the registration statement and on the outside front cover page of the prospectus the information required by Item 501 of Regulation S-K [§ 229.501 of this chapter]. In the case of a foreign registrant, the information required by Item 502(f) of Regulation S-K [§ 229.502(f) of this chapter] also shall be included. In addition, the outside front cover page of the prospectus shall contain a statement to the effect that (1) an options disclosure document containing a description of the risks of options transactions is required to be furnished to option investors and stating from whom such a document may be obtained; (2) the financial statements and certain additional information required by Part II of the registration statement, other than exhibits, can be obtained without charge upon request from the registrant; and (3) the exhibits required by Part II of the registration

statement can be inspected at the offices of the registrant or obtained from the registrant or the Securities and Exchange Commission upon payment of an appropriate fee.

Item 2. Description of Registrant. (a) State the year in which the registrant was organized, its form of organization and the name of the State or other jurisdiction under the laws of which it was organized.

(b) List all the parents of the registrants showing the basis of control.

(c) Briefly describe the business of the registrant and the services rendered by it.

Item 3. Description of Securities to be Registered. State the title of the securities to be registered, the rights evidenced by such securities, whether certificates representing these securities are issued, the contractual obligations of the registrant with respect to such securities and any restriction on the purchase of such securities.

Instruction. This item only requires a brief summary of the provisions of the security. A complete legal description of the provisions referred to is not required and should not be given; only a succinct resume is required.



Part II. Information Not Required in Prospectus

- Item 4.  **Directors and Executive Officers.** Furnish the information required by Item 401 of Regulation S-K (§ 229.401 of this chapter).
- Item 5.  **Legal Proceedings.** Furnish the information required by Item 103 of Regulation S-K (§ 229.103 of this chapter).
- Item 6.  **Legal Opinions and Experts.** Furnish the information required by Items 601(b)(5) and 601(b)(24) of Regulation S-K (§ 229.601 of this chapter).
- Item 7.  **Financial Statements.** Include financial statements meeting the requirements of Regulation S-X (17 CFR Part 210) and the supplementary financial information specified by Item 12 of Regulation S-K (17 CFR 229.20).
- Item 8.  **Undertakings.** Furnish the following undertakings:
1. The undersigned registrant hereby undertakes to file a post-effective amendment, not later than 120 days after the end of each fiscal year subsequent to that

covered by the financial statements presented herein, containing financial statements meeting the requirements of Regulation S-X [17 CFR 210] and the supplementary financial information specified by Item 12 of Regulation S-K [17 CFR 229.20].

2. The undersigned registrant hereby undertakes not to issue, clear, guarantee or accept any security registered herein until there is a definitive options disclosure document meeting the requirements of Rule 9b-1 of the Securities Exchange Act of 1934 with respect to the class options.

Signatures

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-20 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of _____, State of _____, on _____, 19____. (Registrant)
_____ by (Signature and Title)

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

(Signature) _____
(Title) _____
(Date) _____

Instructions 1. The registration statement shall be signed by the registrant, its principal executive officer or officers, its principal financial officer, its controller or principal accounting officer and by at least a majority of the board of directors or persons performing similar functions. If the registrant is a foreign person, the registration statement shall also be signed by its authorized representative in the United States.

2. The name of each person who signs the registration statement shall be typed or printed beneath his signature. Any person who occupies more than one of the specified positions shall indicate each capacity in which he signs the registration statement. Attention is directed to Rule 402 concerning manual signatures and to Item 601 of Regulation S-K concerning signatures pursuant to powers of attorney.

PART 240—GENERAL RULES AND REGULATIONS, SECURITIES ACT OF 1934

6. By adding § 240.9b-1 (Rule 9b-1) to read as follows:

§ 240.9b-1 Options disclosure document.

(a) *Definitions.* The following definitions shall apply for the purpose of this rule.

(1) "Options market" means a national securities exchange, an automated quotation system of a _____ securities association or a foreign securities exchange on which standardized options are traded.

(2) "Options class" means all options contracts covering the same underlying instrument.

registered]

a national securities exchange,
an automated quotation system of
a registered securities association,
or a foreign securities exchange

(3) "Options disclosure document"
means a document prepared by one or
more options markets which contains
the information required by this rule
with respect to the options classes
covered by the document.

(4) "Standardized options" are options
contracts trading on [REDACTED]
which relate to options classes the terms
of which are limited to specific
expiration dates and exercise prices,

or such other securities
as the Commission may,
by order, designate.

(b)(1) Five preliminary copies of an
options disclosure document containing
the information specified in paragraph
(c) of this section shall be filed with the
Commission by an options market at
least 60 days prior to the date definitive
copies are furnished to customers,
unless the commission determines
otherwise having due regard to the
adequacy of the information disclosed
and the public interest and protection of
investors. Five copies of the definitive
options disclosure document shall be
filed with the Commission not later than
the date the options disclosure
document is furnished to customers.

Notwithstanding the above, the use of
an options disclosure document shall
not be permitted unless the options class
to which such document relates is the
subject of an effective registration
statement on Form S-20 under the

Securities Act. (2) If the information
contained in the options disclosure
document becomes materially
inaccurate or incomplete or there is an
omission of material information
necessary to make the disclosure
document not misleading, the options
market shall file five copies of an

(i)

or will become

or will be

amendment to such document with the
Commission at least 30 days prior to the
date definitive copies are furnished to
customers, unless the Commission
determines otherwise having due regard
to the adequacy of the information
disclosed and the public interest and
protection of investors. Five copies of
the definitive options disclosure
document, as amended, shall be filed
with the Commission not later than the
date the amended options disclosure
document is furnished to customers.

amend its options
disclosure document
by filing

(c) Information required in an options
disclosure document. An options
disclosure document shall contain the
following information, unless otherwise
provided by the Commission, with
respect to the options classes covered
by the document:

- (1) A glossary of terms;
- (2) The mechanics of buying, writing
and exercising the options, including
settlement procedures;
- (3) The risks of trading the options;
- (4) The uses of the options;
- (5) The market for the options;
- (6) Transaction costs for the options;

(ii) Notwithstanding paragraph
(b)(2)(i) of this section, an
options market may distribute
such materials prior to such
30-day period if it determines,
in good faith, that such delivery
is necessary to ensure timely and
accurate disclosure with respect
to the subject standardized options
contracts. Five copies of any
amendment distributed pursuant to
this paragraph shall be filed
with the Commission at the time of
distribution. In that instance,
if the Commission determines,
having given due regard to the
adequacy of the information
disclosed and the public interest
and the protection of investors, it
may require refileing of the
amendment pursuant to paragraph
(b)(2)(i) of this Rule.

(9) Identification of the issuer of the options;

(7) Applicable margin requirements;
(8) The tax consequences of trading the options;

(10) Identification of the instrument or instruments underlying the options class; and

(12) Such other information as the Commission may specify.

(11) The registration of the options on Form S-20 and the availability of the prospectus and the information in Part II of the registration statement; and

furnishes or has furnished

(d) *Broker-dealer obligations.* (1) No broker or dealer shall accept an order from a customer to purchase or sell an option contract relating to an options class that is the subject of an options disclosure document, or approve the customer's account for the trading of such option, unless the broker or dealer has furnished to the customer the options disclosure document.

(2) If an options disclosure document is amended, each broker and dealer shall promptly send the information contained in the definitive amendment to each customer whose account is approved for trading the options class(es) to which the options disclosure document relates.

The Commission finds with respect to its delegation to the Division of Market Regulation, in accordance with 5 U.S.C. 553(b)(A) and 5 U.S.C. 553(d) of the Administrative Procedure Act, that the delegation relates solely to agency organization, procedure, or practice and that notice and public procedures in accordance with 5 U.S.C. 553 are not necessary, pursuant to subsection (b) thereof and that, in view of the foregoing, good cause exists for dispensing with the normal 30-day delay in effectiveness.

Statutory Authority

These amendments are being adopted pursuant to Sections 2, 7, 10, and 19(a) of the Securities Act of 1933 and Sections 9, 15 and 23(a) of the Securities Exchange Act of 1934.

(Sec. 2, 7, 10, 19(a), 48 Stat. 74, 78, 81, 85; secs. 201, 205, 209, 210, 48 Stat. 905, 906, 908; secs. 1-4, 8, 68 Stat. 683, 685; sec. 12(a), 73 Stat. 143; sec. 7(a), 74 Stat. 412; sec. 27(a), 84 Stat. 1433; sec. 308(a)(2), 90 Stat. 57; sec. 505, 94 Stat. 2292; secs. 9, 15, 23(a), 48 Stat. 889, 895, 901; sec. 230(a) 49 Stat. 704, secs. 3, 8, 49 Stat. 1377, 1379; sec. 2, 52 Stat. 1075; secs. 6, 10, 78 Stat. 570-574, 580; sec. 11(d), 84 Stat. 121; sec. 18, 89 Stat. 155; sec. 204, 91 Stat. 1500; 15 U.S.C. 77b, 77g, 77j, 77s(a), 78i, 78o, 78w(a)).

By the Commission.

George A. Fitzsimmons
Secretary.

Dated: September 16, 1982.