



SECURITIES AND EXCHANGE COMMISSION

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The Commission announced today the adoption of significant amendments to the disclosure forms used for the registration of securities by certain types of quality issuers, as well as several other related actions.

Over the past several months, the Commission has accelerated its program to integrate, streamline and update the corporate disclosure system it administers under the federal securities laws, and today's action is another step in this program.

The amendments adopted were to Forms S-7 and S-16, both of which are short form registration statements under the Securities Act of 1933.

The amendments to both forms are intended to allow their use by a greater number of companies offering and selling their securities to the public. In the past, the use of these forms has been limited to certain issuers with proven stability in their financial and business operations, and who regularly have disclosed such information in public filings with the SEC. The Commission stated that since it has gained experience with the use of the short registration forms, and has improved the continuous corporate disclosure system under the Securities Exchange Act of 1934, today's action is consistent with the legislative mandate to provide "full and fair disclosure of the character of securities" sold to the public.

It is generally in reliance upon other information filed with the SEC by the person using a Form S-7 or S-16 that the forms permit the issuer to omit certain information from the prospectus, thereby reducing the burden of preparing these documents.

Among the principal changes in the availability of the forms are the elimination of the requirement that a majority of the registrant's board of directors must have served during the prior three years; the reduction in the net income test from the present requirement of \$500,000 for each of the prior five years, to \$250,000 for three of the last four years, including

the most recent year; the deletion of any requirement that the company must have had income adequate to cover dividends paid for the prior five years; and the reduction of the present ten year test to a new three standard within which the company must not have had any defaults in the payment of any dividend or sinking fund installment on preferred stock, or installments on indebtedness.

These amendments were proposed in July, 1976 and the proposals have generally been adopted, although the new Form S-7 will be available to more issuers than the proposals would have allowed. Form S-7 may now be used by eligible issuers in any type of offering, such as exchange offers, not solely in cash offerings as was previously required.

To be eligible to use Form S-16, the issuer must meet the same criteria as an issuer eligible to use Form S-7, so the changes to that form have correspondingly increased the availability of Form S-16. At present, Form S-16 may be used only for certain types of offerings, most commonly those by persons other than the issuer. However, the Commission also announced today that it is considering possible amendments to Form S-16 to make it available to a limited category of issuers for registering their primary offerings. The Commission is requesting public comment on the efficacy of and possible conditions on this enlarged use of Form S-16.

Form S-9 previously was a short registration form for use by issuers in registering debt securities under the 1933 Act if they met certain minimum earnings coverage ratios in their debt securities. Since the form has not been widely used recently and since the amended Form S-7 is now available to virtually all issuers which could previously use Form S-9, the Commission has rescinded Form S-9. It has also amended Guide 30 of the Guides for Preparation and Filing of Registration Statements to reflect the fact that electric and gas utilities will now be filing registration statements in Forms S-1 or S-7 and should therefore make disclosure of their principal sources of revenues on those forms.

All these actions will become effective upon publication in the Federal Register.

Other recent steps taken by the Commission in its program to shorten and simplify the registration process include the adoption of a revised Form S-8, a short form for the registration of securities to be offered or sold to employees of the issuer pursuant to employee benefit plans, and the publication of proposals to adopt a new Form S-14A allowing a shorter prospectus to be used in connection with certain mergers and business combinations. It has also been announced that the

Commission is reviewing the procedures available to small businesses to raise capital, and that proposals may be published soon to solicit comments on how these procedures may be simplified.

The Commission has also taken steps to improve and reduce the burden of disclosure under the continuous disclosure system of the 1934 Act. It has invited public comments on proposals to reduce the number of monthly reports filed on Form 8-K by transferring much of the disclosure required there to be the quarterly report filed on Form 10-Q and on proposed amendments to its rules governing tender offers, including steps to allow persons making tender offers to communicate information to offerees in a more efficient and understandable manner. These proposals are still under active consideration by the Commission.