



SECURITIES AND EXCHANGE COMMISSION

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The Commission announced today the adoption of rules relating to the disclosure of the beneficial ownership of the securities of companies subject to its jurisdiction. While primarily designed to implement the reporting provisions of the Williams Act regarding adequate disclosure in connection with takeover attempts or any substantial acquisition of securities, the concept behind the new rules has been integrated into other reporting provisions of the Commission.

Under the Williams Act, a reporting requirement is imposed upon any person who becomes the beneficial owner of more than five percent of certain classes of equity securities of certain issuers. The Commission's action adopts, for the first time, a definition of the term "beneficial ownership" and bases the definition on two alternate tests. Under the new rule, a person with voting power -- the power to vote or direct the voting of a security -- or a person with investment power -- the power to dispose or direct the disposition of the security -- may be deemed the beneficial owner of the security. A beneficial owner would also include a person with a right to acquire certain securities within sixty days. Under the rules, stock exchange members and lenders in certain situations will not be considered beneficial owners of securities they hold.

The acquisition statement on Schedule 13D as amended, will continue to be the primary source of information filed with the Commission and others regarding the disclosure of beneficial ownership. Any person filing such a statement may specifically disclaim the beneficial ownership of the securities reported upon. However, information is required to be included in the statement about other persons, while not beneficial owners of the securities held by the reporting person, are nonetheless known to have an economic interest in more than five percent of the securities reported upon. Schedule 13D will continue to be required for filing within ten days after an acquisition which exceeds the five percent threshold.

Because of the two-pronged approach for determining beneficial ownership of securities, it is possible that two or more persons will be deemed the beneficial owners of the same securities. In such a case, the rules permit the filing of a single acquisition statement.

The new rules also provide that a short-form acquisition statement may be filed quarterly by certain institutional investors. Although the short-form will be available to certain banks, broker-dealers, investment companies, investment advisers and pension plans, the Commission determined that the form should not be available to investment companies. Any person using the short-form must be reporting transactions which are in the ordinary course of business and without the purpose or effect of changing or influencing control of the subject company.

Another rule also indicates that acquisitions are reportable even though no purchase of securities is involved. Thus, each member of a group formed to acquire securities of an issuer is responsible for the holdings of every member of the group. Also, executors or administrators are deemed to be the beneficial owners of securities in an estate when they are qualified to act under local law.

Certain acquisitions have been specifically exempted, such as an acquisition by an underwriter pursuant to a firm commitment registered offering and acquisitions pursuant to preemptive subscription rights.

As previously indicated, the beneficial ownership concept has also been integrated into other disclosure documents required to be filed with the Commission. Reporting companies will have to disclose the beneficial owners of five percent or more of their equity securities in certain registration statements, annual reports and proxy soliciting materials.

In a related action, the Commission also approved the withdrawal of a proposal which would have required the disclosure of an issuer's thirty largest shareholders of record, and made certain new proposals for public comment to amend portions of the beneficial ownership provisions adopted today. A proposed amendment would cause a person to be deemed the beneficial owner of securities he has the right to acquire at any time, eliminating the present sixty day standard. Under another proposal, a minor would be deemed the beneficial owner of securities held

in trust for his benefit at some specified time -- such as one to five years -- prior to the termination of the trust. Certain changes in the availability of the abbreviated acquisition statement have also been proposed. An acquisition of ten percent or more of an issuer's securities would be deemed to be beyond the ordinary course of a reporting person's business and thus would necessitate the filing of a Schedule 13D acquisition statement. Similarly, the short-form would be made unavailable to any person who acquires securities at the direction of a third person. However, another proposal would open the use of the short-form to foreign institutional investors if certain contingencies are satisfied.