



NEWS

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

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FOR IMMEDIATE RELEASE: Friday, June 1

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COMMISSION TO CONSIDER SAFE HARBOR RULE FOR
DISCLOSURE OF PROJECTIONS; PROPOSED INDUSTRY-WIDE GUIDELINES
FOR DISCLOSURE BY ELECTRIC AND GAS UTILITY COMPANIES; AND
POLICY CONCERNING PUBLIC STATEMENTS INCONSISTENT WITH
ENFORCEMENT SETTLEMENTS

The Commission will consider, at an open meeting scheduled for Tuesday, June 5, whether to adopt a rule that would provide a safe harbor for disclosure of projections and forward looking information, and whether to request public comments on proposed industry-wide disclosure guidelines for electric and gas utility companies. Also to be considered will be whether to adopt a policy or make a public announcement concerning inconsistent or misleading statements made by persons who have settled Commission enforcement proceedings.

The Commission's initiatives in the area of disclosure of projections and forward looking information are based upon the recommendations of the Advisory Committee on Corporate Disclosure. In its final report,

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issued in November, 1977, the Advisory Committee recommended that disclosure of forward looking information be encouraged by the Commission and that a safe harbor rule be adopted to provide companies with maximum incentive to make such disclosure.

The statements covered by the rule would include projections of revenues, income, earnings per share, capital expenditures, dividends, capital structure, or other financial items; management's plans and objectives for future operations; statements of future economic performance contained in management's discussion and analysis of earnings or quarterly income statements; and assumptions underlying or relating to any of these forward looking statements.

The Commission will also consider whether to issue for comment proposed staff guidelines for disclosure in registration statements and reports filed by electric and gas utility companies. This proposal is also an outgrowth of recommendations of the Advisory Committee on Corporate Disclosure. The Committee urged the Commission to develop disclosure guidelines for specific

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industries with the requirements for each reflecting the particular characteristics of the industry under consideration.

The proposed guidelines reflect practices presently followed by the Division of Corporation Finance in administering the disclosure requirements of the federal securities laws and a number of suggestions, derived from the comments elicited on the preliminary release and other sources, which are intended to improve the quality of the disclosure contained in various documents filed by electric and gas utility companies.

The central issue is whether the proposed staff guidelines minimize the extent to which registrants would have to comply with disclosure requirements which are not meaningful to their situation while at the same time securing disclosures of vital importance to understanding a company in a particular industry.

Another key item to be considered by the Commission Tuesday concerns inconsistent or misleading public statements made by persons who have settled SEC enforcement proceedings. In general, consent settlements are submitted and accepted on the representation that the

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defendants do not deny the charges made against them. Nevertheless, in several recent instances, defendants have settled Commission actions on this basis and, shortly thereafter, have made public assertions inconsistent with this representation. Concern has been expressed that such statements undercut the policies embodied in the Commission's rules, vitiate the disclosure benefits of public enforcement proceedings, mislead investors, and may constitute separate violations of the securities laws.

Tuesday's meeting is scheduled to begin at 10 a.m. in the Commission's Meeting Room on the eighth floor of the headquarters building, 500 North Capitol Street, Washington, D.C. Following conclusion of the open meeting, staff officials will participate in a briefing, scheduled for Room 876, to discuss whatever action the Commission takes.

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