



SECURITIES AND EXCHANGE COMMISSION

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COMMISSION REVEALS PLANS FOR REGULATORY REFORM INITIATIVES IN 1981

A comprehensive "sunset review" of the complex of rules which govern preparation and filing of registration statements for new issues of securities heads the list of regulatory review and reform initiatives which the Commission's staff is planning to undertake during 1981.

The anticipated review of Regulation C under the Securities Act of 1933 is one of a series of planned activities which were revealed today in a regulatory agenda published by the Commission. This is the third semi-annual listing of pending regulatory matters prepared by the Commission. In addition, this release also includes, for the first time, a discussion of significant regulatory review projects which the staff is planning to recommend commencing during the next 18 months. These projects must still be presented to and approved by the Commission before they are begun.

"By publishing this listing," the document explained, "the Commission seeks public comment on whether these items would be appropriate areas for it to address and whether there are other facets of its existing rules which the Commission should consider subjecting to review or possible revision."

The comprehensive analysis of Regulation C would be the next phase of the ongoing review of all corporate disclosure requirements under the securities laws. Currently, the staff is preparing to recommend revisions to the 10-K annual report and related matters, and is reviewing all of the Guides to preparation of disclosure documents.

The Commission noted that the 64 rules comprising Regulation C "were developed over a long period of time and without a comprehensive framework.

"Therefore," it said, "since this regulation has never been re-examined as a whole, certain of the rules may be obsolete, and some of the policies reflected in these rules may conflict with those contained in other rules, guides, or forms."

Also on the list of initiatives which the staff would like to undertake in 1981 is an extension of the current re-examination of rules governing how much net capital must be maintained by securities broker-dealers. The expanded review would encompass such other financial responsibility requirements as the minimum standards governing the handling and hypothecation of customers' funds and securities. Among the issues which would be explored are such questions as whether these provisions are unnecessarily complex; whether compliance burdens fall equitably on various types of firms; and whether less burdensome alternatives would achieve the same objectives.

Among the other significant regulatory review projects which the staff would like to begin during 1981 are the following:

-- a review of the proxy rules as they relate to the growing number of election contests, case law developments, policy considerations, and current corporate practice;

-- clarification, through rulemaking or an interpretive release, of the scope of the exemption from registration for short-term "commercial paper;"

-- a project designed to reconcile and standardize the varying requirements for reporting ownership of securities which have developed under sections 13(d), 13(g), and 16(a) of the Securities Exchange Act of 1934;

-- consideration, as part of the later phases of the ongoing study of the Investment Company Act, of whether to recommend legislative changes in "certain fundamental concepts" underlying the Act;

-- consideration of whether to recommend legislation amending the Investment Advisers Act in order to address such issues as minimum professional qualifications, financial integrity requirements, and a self-regulatory organization for investment advisers; and

-- a fundamental re-examination of the contents of investment company prospectuses.

The agenda released today also lists some 30 significant regulatory actions which the Commission anticipates will come before it during the second half of 1980. These include the 10-K proposals; a series of amendments to the tender offer rules; several proposals relating to establishment of a national market system; and a number of recommendations made by the Commission's Special Study of the Options Markets.

In addition, the release sets forth regulatory review and reform initiatives which are already underway in four, broad categories --

-- a continuous examination of Commission rules "with a view toward maximizing investor protection while minimizing the costs and complexity of compliance and the level of Federal intervention in business activity;"

-- a systematic review of all disclosure-related matters so that the Commission may "eliminate out-of-date requirements, remove inconsistencies, and, in general, ... adjust its disclosure requirements to the ever-changing economic and business environment;"

-- steps to reduce burdens imposed by Commission rules on small businesses, consistent with investor protection; and

-- monitoring of the operation and consequences of rules after they are adopted.

Comments on the staff's proposed regulatory review initiatives are due by October 1, 1980 and should be addressed to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, Washington, D.C. 20549.

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