NEWS

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
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COMMISSION TO CONSIDER STEPS TO REDUCE COSTS AND ELIMINATE DUPLICATION IN CORPORATE REPORTING

The Commission will consider, at an open meeting scheduled for next Thursday, a proposal designed to completely revamp the disclosure systems for registration of securities and reporting by public companies. These steps are intended to reduce costs and to eliminate much of the current overlapping in corporate disclosure. The rulemaking, in the form of eight proposing releases, is the most important effort to date toward putting in place the SEC's integrated disclosure system.

The meeting is scheduled to begin at 10 a.m. on Thursday, July 30, in the Commission Meeting Room, Room 825, at Commission headquarters, 500 North Capitol Street, Washington. Staff officials will participate in a briefing immediately following the meeting, in Room 876, to explain whatever action the Commission takes.

Under the planned integrated disclosure system, information made available in a public offering of securities and information made available under the continuous reporting requirements could be integrated to avoid duplication and to save some of the costs of compliance with the two acts. Integration is possible because of the equivalency between the information needed for transactional (Securities Act) and periodic (Exchange Act) purposes. Much the same information is of material interest to investors in considering investment, voting and selling decisions.

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A brief outline of the eight releases to be considered follows:

(1) The reproposal of Forms S-1, S-2 and S-3 (originally denominated Forms A, B, and C in previous releases) has been formulated on the concept of the efficient market theory. This theory postulates that the market price of a security reflects all the public information available about the security. The Commission applies this theory to public offerings of securities by widely followed companies to take advantage of periodic reports filed under the Securities Exchange Act prior to a new registration statement. It only becomes necessary to file new information, which has never been filed, in the new registration statement, and incorporate previously filed information by reference. The degree of permissable incorporation by reference, then, is determined by how much information is already available to the public and how widely the market place follows the company.

(2) Regulation S-K, revised and expanded, would be reproposed. It will incorporate certain disclosure requirements currently included in other disclosure documents filed with the Commission under the Securities Act and the Exchange Act. It will also organize Regulation S-K by subject matter in order that requirements may be more easily accessible to registrants.

As a corollary, a recission of the Guides for the preparation and filing of registration statements and reports with the exception of Guides for disclosure by registrants in a particular industry, is also being reproposed.

(3) A proposal of amendments is being made to conduct a "sunset" review of and generally to revise the procedural requirements of Regulation C

under the Securities Act and Regulation 12B under the Securities Exchange Act. The purpose of the revisions is to simplify, to update and to eliminate inconsistencies in current rules and regulations.

(4) Rule 462A, the so-called "shelf rule" would be reproposed. Rule 462A under the Securities Act governs the registration under certain conditions of securities to be sold in delayed or continuous offerings. It is designed to facilitate the development of innovative capital raising techniques which reduces burdens and costs to registrants while maintaining full investor protection under the federal securities laws.

(5) A new Rule 176 would be proposed relating to the responsibility of persons subject to the liability provisions of the Securities Act.

(6) Security ratings have not generally been permitted to be disclosed in filings with the Commission. The Commission will consider changing this policy to permit voluntary disclosure of security ratings assigned by nationally recognized rating organizations under certain circumstances for certain securities in registration statements.

(7) Amendments and recission of certain existing Securities Act registration forms would be proposed to coordinate the forms with revised Regulation S-K and other aspects of the integrated disclosure system.

(8) The last release has to do with amendments to rules, forms and schedules under the Securities Exchange Act to implement the integrated disclosure system and recission of certain rarely used Exchange Act forms. It would also propose amending the safe harbor rules for projections under the federal securities laws.

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