NEWS

SECURITIES AND EXCHANGE COMMISSION
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COMMISSION TO CONSIDER PROPOSALS TO HELP SMALL BUSINESS CAPITAL FORMATION

The Commission will consider, at an open meeting scheduled for Wednesday, a proposed new series of rules intended to streamline and significantly revise the existing requirements applicable to private offers and sales of securities, in order to encourage small business capital formation.

The new rules, collectively designated Regulation D, will coordinate the various limited offering exemptions governing the offers and sales of securities without registration under the Securities Act of 1933. In addition, the exemptive scheme provided by the proposed new regulation, is intended to be the basis for a uniform federal-state exemption, in an effort to achieve increased uniformity of regulation at both the federal and state levels. Consequently, simultaneous with the consideration by the Commission, the Board of Directors of the North American Securities Administrator's Association (NASAA) will be soliciting comments on the proposed exemptions from its membership.

The meeting is scheduled to begin at 10 a.m. on Wednesday, August 5, in the Commission Meeting Room, Room 825, at Commission headquarters, 500 North Capitol Street, Washington, D.C. Staff officials and repre-

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sentatives of NASAA will participate in a briefing immediately following the meeting in Room 876, to explain whatever action the Commission takes.

The proposed regulation was developed, in part, in response to comments received by the Commission to an advanced notice of proposed rulemaking, (Release No. 33-6274) published on December 23, 1980. At that time, the Commission solicited comments on the interrelationship between certain exemptions from registration under the Securities Act, particularly as they relate to the capital formation needs of small business, as well as whether those exemptions, considered together, provide a coherent scheme for relieving companies of the burdens of the registration provisions consistent with adequate investor protection.

In addition, new Section 19(c) of the Securities Act which was added by the recently enacted Small Business Investment Incentive Act of 1980, authorized the Commission to work closely with state securities association in encouraging greater uniformity in federal-state securities matters. Pursuant to that authority, the Commission's Office of Small Business Policy in the Division of Corporation Finance began developing the proposed regulation as a basis for a uniform federal-state exemption, with the cooperative efforts of NASAA's Subcommittee on Small Business Financing.

As a result of the comments received from the Commission's advanced notice of proposed rulemaking and discussions with the NASAA subcommittee, the Commission will consider the proposed regulation, which would significantly revise Rules 146, 240, and 242 and consolidate them into one regulation that would govern transactions involving limited offers and sales of securities. This approach will enable the Commission to define

certain common terms, concepts, and requirements uniformly as they are used throughout the proposed regulation. Concurrently, the Commission will also consider adopting amendments to the disclosure provisions of Regulation A , as well as the advisability of considering amendments to Form S-18 that would expand the availability of that form to all issuers. All of these initiatives to be considered by the Commission are intended to provide a basic component to other rulemaking initiatives that are part of the Commission's ongoing small business program.

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