



SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

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84-17

COMMISSION TO CONSIDER INCREASED DISCLOSURE OF LEGAL PROCEEDINGS, FRB PROPOSAL TO AMEND MARGIN REQUIREMENTS AND PERFORMANCE FEE COMPENSATION FOR INVESTMENT ADVISERS

At an open meeting on Wednesday, May 2, at 10:00 a.m., the Commission will consider proposing for comment amendments to require registrants to disclose commodities law proceedings involving directors and executive officers and to require new registrants to disclose legal proceedings involving promoters and control persons. It will furthermore, consider a proposal of the Federal Reserve Board to amend its margin regulation to make all National Market System securities automatically marginable. In addition, it will consider performance fee compensation for investment advisers. It will also solicit comment on amendments to rules which would permit a director of an investment company who is a broker dealer or affiliated with a broker dealer to be considered under certain conditions as a person similar to an independent director and not as an "interested person."

The meeting will be in the Commission Meeting Room, Room 1C30, 450 Fifth Street, N.W., Washington, D.C. Staff officials will participate in a briefing immediately following the Commission meeting.

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Currently registrants must disclose violations of the banking, savings and loan, insurance and securities laws involving executive officers and directors. The proposed amendments would require the disclosure of commodity law proceedings as well. In addition, the proposed amendments would require new registrants to disclose the same legal proceedings with respect to promoters and control persons that they must disclose with respect to directors and executive officers. These proposed amendments result from hearings held in December, 1983, by the Subcommittee on Securities of the Senate Committee on Banking, Housing and Urban Affairs, on "Fraud and Abuse in the 'Hot Issues' and 'Penny Stock' markets."

The proposal made by the Federal Reserve Board to make all NMS securities automatically marginable will be considered, but the Commission may also consider the margin eligibility criteria for exchange registered securities which are at the present time automatically marginable.

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