

companies, describe what kind of information you get, and what database you get it from.

8. The SEC proposes to allow companies to provide some information about executive and director compensation in the Form 10-K rather than the annual proxy statement. The proposed rule changes still would require the following information to remain in the proxy statement:

1. Summary Compensation Table
2. Option Grants
3. Director Compensation
4. Compensation Committee Interlocks
5. Compensation Committee Report on Executive Compensation
6. Graph of the Company's Shareholder Returns

The SEC proposes to allow companies to move the following information to the Form 10-K:

7. Option Exercises and Value of Options Held
8. Long-Term Incentive Plan Awards
9. Pension Plans
10. Employment Contracts and Arrangements
11. Repricing of Options

Please state which of these items you find most useful, and give any explanation you wish to add:

Of the items proposed to be moved, are there any that you would like to continue to have in the proxy statement?

Yes ___ No ___

If yes, which ones? Add any comments you wish.

Of the items proposed to be retained in the proxy statement, are there any that you feel could be moved to the Form 10-K?

Yes ___ No ___

If yes, which ones? Add any comments you wish.

9. Would you like to receive shorter annual proxy statements, with less information about the details of executive compensation, if you could still get the more detailed information by asking the company for it?

Yes ___ No ___

Please explain:

How to Mail Your Ideas and Suggestions to the SEC:

- This form can be mailed to the SEC by folding it in half, with the return address showing. Please staple or tape this form closed. No postage is necessary.
- If you do not wish to use this form, you can write a letter directly to the SEC. Mark your letter "File No. S7-13-95," and send it to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549.
- Remember to send your ideas and suggestions in time to arrive by October 10, 1995.

Do You Want Further Information About What the SEC is Considering?

- If you would like a copy of the complete SEC releases that describe what the SEC is considering, write to Office of Consumer Affairs, Securities and Exchange Commission, Attn: Jonathan M. Gottsegen, Mail Stop 2-6, 450 Fifth Street, N.W., Washington, D.C. 20549. Please state whether you are asking for the release proposing "abbreviated financial statements" or the release proposing changes to information about executive and director compensation, or both.

Thank You For Responding.

Your Name _____
 Street Address _____
 City _____ State _____ Zip _____

[FR Doc. 95-16389 Filed 7-7-95; 8:45 am]

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17 CFR Parts 228, 229, 240 and 249

[Release Nos. 33-7184; 34-35894; File No. S7-14-95]

RIN 3235-AG50

Streamlining and Consolidation of Executive and Director Compensation Disclosure

AGENCY: Securities and Exchange Commission.

ACTION: Proposed Rule.

SUMMARY: The Securities and Exchange Commission ("Commission") today is proposing amendments that would permit registrants to provide in the Form 10-K some of the executive compensation disclosure that is currently required in the proxy statement furnished to shareholders. In addition, amendments to the format of disclosure regarding director compensation are being proposed in order to improve the presentation.

DATES: Comments on the proposed amendments should be received on or before September 8, 1995.

ADDRESSES: Comments should be submitted in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Comment letters should refer to File No. S7-14-95. All comments received will be available for public inspection and copying in the Commission's Public Reference Room, 450 Fifth Street, N.W., Washington, D.C. 20549.

FOR FURTHER INFORMATION CONTACT:

Elizabeth M. Murphy or William B. Haseltine, Special Counsels, at (202) 942-2910, Division of Corporation Finance, Securities and Exchange Commission, 450 Fifth Street, N.W., Mail Stop 3-12, Washington, D.C. 20549.

SUPPLEMENTARY INFORMATION: The Commission is proposing amendments to Item 402 of Regulations S-B and S-K¹ and to Forms 10-K and 10-KSB² and Schedule 14A³ under the Securities Exchange Act of 1934 ("Exchange Act").⁴ The annual proxy and information statement⁵ would be streamlined by allowing some of the more detailed compensation disclosure required by Item 402 of Regulations S-B and S-K to be provided in the annual report on Form 10-K⁶ filed with the Commission rather than included in the proxy or information statement furnished to shareholders. The proposals also would affect director compensation disclosure, which would remain in the proxy statement, by consolidating certain elements of that disclosure into an easier-to-read tabular format that provides information for each director.⁷

I. Discussion of Proposals

A. Annual Proxy Statement Streamlining—Location of Compensation Disclosure

Under the proposal, registrants could reduce the detailed executive

¹ 17 CFR 228.402 and 229.402.

² 17 CFR 249.310 and 249.310b.

³ 17 CFR 240.14a-101.

⁴ 15 U.S.C. 78a et seq.

⁵ Throughout this release, references to proxy statements include information statements.

⁶ The discussion of Form 10-K in this release also includes Form 10-KSB.

⁷ In order to encourage individual investor comments and suggestions, a "plain English" solicitation of comment is included in another release issued today (33-7183), relating to proposals for abbreviated financial statements. This "plain English" solicitation of comment also solicits investor comment on the proposed changes to the executive compensation disclosure requirements; a copy may be obtained by calling 1-800-SEC-0330.

compensation information provided in the proxy statement by instead furnishing that information in the Form 10-K. The proxy or information statement could include only the following items:⁸

- Summary Compensation Table.
- Option/SAR Grants Table.
- Compensation of Directors (as proposed to be revised).
- Additional Information with Respect to Compensation Committee Interlocks and Insider Participation in Compensation Decisions.
- Board Compensation Committee Report on Executive Compensation.
- Performance Graph.⁹

Some have suggested that this information is that upon which most investors focus, and that provision of all of the other executive compensation disclosures required by Item 402 (the "remaining disclosures") may actually detract from a full understanding of the disclosure items listed above, or reduce the likelihood that investors will focus on these disclosure items. The remaining disclosures would be reported in Item 11 of Part III of Form 10-K. Pursuant to Rule 14a-3(b)(10),¹⁰ registrants must include an undertaking in either their proxy statements or their annual reports to security holders to provide without charge, upon written request, a copy of the Form 10-K for the most recent fiscal year. Therefore, the remaining executive compensation disclosure would be available to security holders upon request.

Comment is solicited on whether registrants should be permitted to move the specified disclosure items to the Form 10-K only if the Form 10-K containing these items is filed prior to or at the same time as the proxy or information statement is first sent to shareholders. Comment is also solicited on whether registrants should have to provide the Form 10-K containing the remaining executive compensation disclosure upon security holders' oral request.

The following information would be moved from the annual proxy or information statement to the Form 10-K:

- Aggregated Option/SAR Exercises and Fiscal Year-End Option/SAR Value Table.
- Long-Term Incentive Plan Awards Table.
- Defined Benefit or Actuarial Plan Disclosure.
- Employment Contracts and Termination of Employment and Change-in-Control Arrangements.
- Report on Repricing of Options/SARs.¹¹

Comment is requested as to the appropriateness of the proposed move of the disclosure to the Form 10-K for each of the above items.¹² Should any or all of the items remain in the annual proxy or information statement because they are generally of interest to all shareholders in voting on director candidates, and thus warrant an annual delivery requirement in connection with the election of directors? Are any of the items proposed to be moved necessary or helpful to a shareholder understanding of the disclosure provided in the Summary Compensation Table or Board Compensation Committee Report? Should the Option/SAR Grants Table be kept together with the Aggregated Option/SAR Exercises and Fiscal Year-End Option/SAR Value Table, and if so, would it be more appropriate to require this information in the proxy statement or the Form 10-K?

The streamlined executive compensation disclosure would apply only to proxy statements involving the annual election of directors, but not to those involving approval of compensation or retirement plans or option grants.¹³ Comment is solicited on whether the items remaining in the proxy statement are the most pertinent ones for shareholders considering the election of directors, and whether the proposed streamlined disclosure should also apply to proxy statements involving the approval of compensation or retirement plans or option grants.¹⁴ Are there any other types of proxy solicitations or shareholder meetings for which any or all of such items should be included in the proxy statement? Is

it appropriate to retain the proxy statement disclosure requirement for the items proposed to be retained in the proxy statement?

Should the company be given the choice of including the performance graph in the annual report to security holders delivered to investors,¹⁵ where it would be placed in the context of the company's financial statements, Management's Discussion and Analysis,¹⁶ and other matters relating to the company's performance, rather than in the proxy statement? In that case, if the company chooses to include some graphic presentation of performance in the annual proxy or information statement, should it be required to include the mandated performance graph as well? Should the performance graph be required to be included in the annual report to security holders, where, as noted, it would be placed in context, even if it is also presented in the proxy statement?

B. Format of Director Compensation Disclosure

The Commission proposes to make the presentation of several common elements of director compensation disclosure that lend themselves to a tabular presentation, e.g., annual retainer fees, meeting fees, and stock and option awards, clearer and more concise by replacing the current narrative disclosure of such compensation with a new table that would be entitled, "Director Compensation for Last Fiscal Year."¹⁷ The elements of director compensation that do not as readily lend themselves to a tabular presentation, e.g., retirement benefits and legacy programs, as well as mandated or voluntary explanations of amounts presented in the table, would be discussed in notes or narrative immediately following the table. Disclosure of director compensation would remain a proxy statement requirement in order for shareholders to

⁸This is the information required by Item 402(b), (c), (g), (j), (k), and (l) of Regulation S-K [17 CFR 229.402(b), (c), (g), (j), (k) and (l)]. Small business issuers are not required to provide interlocks information, the Board Compensation Committee Report, or the Performance Graph. Thus, under the proposal, their proxy statements would include only the Summary Compensation Table, the Option/SAR Grants table, and disclosure of director compensation.

⁹Comment is specifically solicited on whether the performance graph should be moved to the annual report to shareholders. See text below at n. 15.

¹⁰17 CFR 240.14a-3(b)(10).

¹¹Currently, the Repricing Report is required only in an annual election of directors proxy or information statement. Under the proposal, this would instead appear in the Form 10-K, with the retained proviso that this information is not deemed to be incorporated by reference into any other Securities Act or Exchange Act filing.

¹²This is the information required by Item 402(d), (e), (f), (h) and (i) of Regulation S-K [17 CFR 229.402(d), (e), (f), (h) and (i)].

¹³See Item 8(b)-(d) of Schedule 14A.

¹⁴Such proxy statements include information required by Item 10 of Schedule 14A, which is related to and builds upon the Item 402 information.

¹⁵See Rule 14a-3(b) [17 CFR 240.14a-3(b)].

¹⁶Item 303 of Regulation S-B and S-K [17 CFR 228.303 and 229.303].

¹⁷Suggestions have been made that disclosure of director compensation should be enhanced in order to assist shareholders who rely on board oversight as an accountability mechanism. See "Report of the NACD Blue Ribbon Commission on Director Compensation," National Association of Corporate Directors ("NACD"), June 19, 1995. The amendments regarding the presentation of director compensation disclosure proposed in this release are intended to assist shareholders by making the disclosure more readable and easily understood, but are not being proposed in response to the recently issued NACD report. Upon a thorough review of the report and further study of the issues raised by the NACD, the Commission will determine whether additional revisions to director compensation disclosure should be proposed.

have this information in considering their vote for the election of directors.

As proposed to be revised, Item 402(g) of Regulation S-K¹⁸ would contain essentially the same disclosure as currently required, but the new table would require individual information for the last fiscal year to be given for each director who was not named in the Summary Compensation Table. The new table would exclude information about directors who also are executive officers named in the Summary Compensation Table to avoid repetitive disclosure, since any compensation such individuals receive in their capacity as directors would be included in the Summary Compensation Table. Comment is solicited on whether it would be appropriate to require a description of standard arrangements, such as directors' fees, for directors named in the Summary Compensation Table, by means of a note to the Director Compensation Table.¹⁹

For each director not named in the Summary Compensation Table, the new table would require disclosure of both cash and stock compensation provided to the director for services rendered during the registrant's last fiscal year. The table would consist of six columns requiring disclosure of:

- The director's name.
- The amount of any annual retainer fees paid to the director for service on the Board and Board Committees.
- The amount of any separate fees paid for attendance at Board and Committee meetings.
- The amount of any consulting fees, special assignment fees or other special compensatory fees.
- The number of any shares of stock granted.
- The number of securities underlying any stock options/SARs granted.

As is the case with other Item 402 tables, a column could be omitted from the table if there was no disclosure required under that caption.²⁰ The amounts of annual retainer fees and meeting fees set forth in the table would include any premium paid to a director for serving as a committee chairperson. With respect to these amounts, registrants would have the option of either setting forth the actual amount of the annual retainer fee and meeting fees

paid to each director for services during the last completed fiscal year or simply describing any standard compensatory arrangements established by the registrant regarding payment of annual retainer and meeting fees, similar to the disclosure that currently is required in narrative form.

For example, if a director received the registrant's standard annual retainer fee of \$10,000 and standard committee chair fee of \$5000, the annual retainer column could state either "\$10,000 annual retainer and \$5000 committee chair fee," or state only "\$15,000." Similarly, if a director received the registrant's standard \$1000 per board meeting fee and \$500 per committee meeting fee, resulting in aggregate meeting fee payments of \$7500 for the year, the meeting fee column could state either "\$1000 per board meeting fee and \$500 per committee meeting fee," or state only "\$7500." Comment is solicited on whether the Commission should require, in each column, disclosure of the actual aggregate dollar amount compensation paid to each director during the last fiscal year, rather than standard compensatory arrangements, and if so, whether a note to the table should briefly describe the arrangements pursuant to which the compensation was given.

In cases where some, but not all, of the registrant's directors listed in the table received compensation pursuant to standard arrangements, the standard fees could be reflected in the table only for the directors receiving such fees. The actual amounts of any non-standard fees would have to be set forth in the table for the directors receiving the non-standard fees.

The following types of compensatory arrangements, whether standard or non-standard arrangements, generally would not lend themselves as readily to a tabular presentation and would therefore continue to be presented in narrative:

- Retirement and pension benefits.
- Death benefits to the director's heirs.
- Insurance benefits.
- Legacy and other charitable programs.
- Other non-cash and non-stock benefits.

Consistent with current requirements, the material terms of any non-standard compensatory arrangement would have to be disclosed, as well as the amount paid.²¹ With respect to consulting contracts and other non-standard

arrangements for which amounts are presented in the new table, the material terms of these arrangements could be set forth either in a note to the table or narrative immediately following the table.

Comment is solicited as to whether there are any elements of director compensation proposed to be presented in the new table that should be discussed narratively, and vice versa. Could any of the compensatory items proposed to be described in narrative form be readily measured in current dollars (e.g., because they involve current cash or stock allocations) and therefore be easily and efficiently reported in tabular form?

Furthermore, as proposed, disclosure would not have to be provided regarding the grant date market value of any stock provided to directors in consideration for their service on the board, nor would the exercise price of any options/SARs granted to directors, or other terms of such grants, have to be disclosed. Comment is solicited on whether this disclosure should be required. The proposed table also does not include information required by Item 404 of Regulations S-B and S-K (Certain Relationships and Related Transactions),²² except to the extent it is also compensation information required by Item 402(g). Comment is solicited on whether it would be useful to consolidate Item 404 information with respect to directors into the Director Compensation Table.²³

II. Request for Comment

Any interested person wishing to submit written comments on the proposed amendments to executive and director compensation disclosure, as well as other matters that might have an impact on the proposed amendments, is requested to do so. Comment is solicited from the point of view of registrants, shareholders, and other users of information about the compensation of executives and directors. The Commission also requests comment on whether the proposed rules, if adopted, would have an adverse impact on competition that is neither necessary nor appropriate in furthering the purposes of the Exchange Act. Comments responsive to this inquiry will be considered by the Commission in complying with its responsibilities under Section 23(a) of the Exchange Act.²⁴

¹⁸ 17 CFR 229.402(g). Item 402(f) is the analogous provision in Regulation S-B [17 CFR 228.402(f)].

¹⁹ This is the information currently required by Item 402(g)(1) of Regulation S-K [17 CFR 229.402(g)(1)].

²⁰ Current Item 402(a)(6) of Regulation S-K [17 CFR 229.402(a)(6)] and Item 402(a)(5) of Regulation S-B [17 CFR 228.402(a)(5)] would be revised to permit the omission of the table or column.

²¹ This is the information currently required by Item 402(g)(2) of Regulation S-K [17 CFR 240.402(g)(2)].

²² 17 CFR 228.404 and 229.404.

²³ The consolidated table would be entitled, "Director Compensation and Transactions for Last Fiscal Year."

²⁴ 15 U.S.C. 78w(a).

III. Cost-Benefit Analysis

To evaluate fully the costs and benefits associated with the proposals, the Commission requests commenters to provide views and data as to the costs and benefits associated therewith. The proposal to permit certain information to be provided in Form 10-K rather than the proxy statement is expected to benefit registrants by lowering costs associated with printing and mailing of information currently required to be furnished to shareholders. The proposal to revise the format of director compensation disclosure should not appreciably affect costs to the registrants preparing such information.

IV. Summary of Initial Regulatory Flexibility Analysis

An Initial Regulatory Flexibility Analysis has been prepared in accordance with 5 U.S.C. 603 concerning the proposed amendments. The analysis notes that the proposed amendments are intended to reduce the information regarding executive compensation included in proxy or information statements, while keeping in mind the Commission's goal of providing useful information to investors at a reasonable cost to companies.

As discussed more fully in the analysis, some of the registrants that the proposed amendments would affect are small entities, as defined by the Commission's rules. The proposed amendments would decrease the cost for all issuers, including small businesses.

The analysis discusses possible alternatives to the proposed amendments including, among others, establishing different compliance or

reporting requirements for small entities or exempting them from all or part of the proposed requirements. Given the fact that small business issuers will receive a favorable impact from the proposed rules, the Commission does not believe that any of the alternatives are preferable at this time.

Comments are encouraged on any aspect of this analysis. A copy of the analysis may be obtained by contacting William B. Haseltine, Office of Disclosure Policy, Division of Corporation Finance, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549.

V. Statutory Basis

The amendments to Item 402 of Regulations S-B and S-K are being proposed pursuant to Sections 3(b), 6, 7, 8, 10 and 19(a) of the Securities Act, Sections 12, 13, 14(a), 15(d) and 23(a) of the Exchange Act, and Sections 8, 20, 24, 30 and 38 of the Investment Company Act of 1940.

List of Subjects in 17 CFR Parts 228, 229, 240 and 249

Reporting and recordkeeping requirements, and Securities.

Text of the Proposals

In accordance with the foregoing, Title 17, Chapter II of the Code of Federal Regulations is proposed to be amended as follows:

PART 228—INTEGRATED DISCLOSURE SYSTEM FOR SMALL BUSINESS ISSUERS

1. The authority citation for part 228 continues to read as follows:

Authority: 15 U.S.C. 77e, 77f, 77g, 77h, 77j, 77k, 77s, 77aa(25), 77aa(26), 77ddd, 77eee,

77ggg, 77hhh, 77jjj, 77nnn, 77sss, 78l, 78m, 78n, 78o, 78w, 78ll, 80a-8, 80a-29, 80a-30, 80a-37, 80b-11, unless otherwise noted.

2. By amending § 228.402 by revising paragraphs (a)(5), (a)(7) and (f) to read as follows:

§ 228.402 (Item 402) Executive compensation.

(a) * * *
 (5) *Omission of table or column.* A table or column may be omitted, if there has been no compensation awarded to, earned by or paid to any of the named executives or directors required to be reported in that table or column in any fiscal year covered by that table.
 * * * * *

(7) *Location of specified information.* The information required by paragraphs (d), (e), (g) and (h) of this item need not be provided in a proxy or information statement pursuant to Item 8(a) of Schedule 14A (§ 240.14a-101 of this chapter), but may instead be provided in the registrant's Form 10-KSB (§ 249.310b of this chapter). The information required by paragraph (h) of this item will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.
 * * * * *

(f) *Compensation of directors.* (1) The information specified in paragraph (f)(2) of this item, regarding certain types of compensation paid or provided in the last completed fiscal year to each director of the registrant, except a director who is a named executive officer, shall be disclosed in the tabular format specified below:

DIRECTOR COMPENSATION FOR LAST FISCAL YEAR

Name	Cash compensation			Security grants	
	Annual retainer fees (\$)	Meeting fees (\$)	Consulting fees/other fees (\$)	Number of shares (#)	Number of securities underlying options/SARs (#)
(a)	(b)	(c)	(d)	(e)	(f)
Director A					
Director B					
Director C					

(2) The Table shall include:
 (i) The name of the director (column (a));
 (ii) Cash and Cash-Equivalent Compensation paid or provided to the director (columns (b), (c) and (d)), including:

(A) The dollar value (cash and non-cash) of any annual retainer fees for service on the Board and any Board Committees, including any premium for chairing a committee (column (b));
 (B) The aggregate dollar value (cash and non-cash) of any fees for attendance

at Board and Committee meetings, including any premium for chairing a committee (column (c)); and
 (C) The aggregate dollar value (cash and non-cash) of any consulting fees paid or provided to the director pursuant to a consulting contract

entered into in consideration of the director's service on the board, as well as any special assignment fees and any other non-stock compensation paid or provided to the director in consideration of the director's service on the board; and

Instructions to Item 402(f)(2)(ii)

1. Amounts deferred at the election of a director, whether pursuant to a plan established under Section 401(k) of the Internal Revenue Code [26 U.S.C. 401(k)], or otherwise, shall be included in columns (b), (c), or (d) as appropriate. The fact that the amounts have been deferred may be explained in a note to the table.

2. For any form of non-cash compensation, disclose the fair market value at the time the compensation is provided.

3. In lieu of stating the dollar value of any annual retainer fee (column (b)), or aggregate dollar value of any meeting fees (column (c)), actually paid or provided to each director for services during the last completed fiscal year, the standard compensatory arrangement for each individual director receiving the registrant's standard fees may be described. For example, if Director A received a registrant's standard annual retainer fee of \$10,000 and standard meeting fees of \$1000 per board meeting and \$500 per committee meeting, "\$10,000" would be set forth in column (b) and "\$1000 per board meeting and \$500 per committee meeting" would be set forth in column (c). If Director B received the registrant's standard annual retainer fee of \$10,000 plus a \$5000 standard premium for serving as a committee chairperson, "\$15,000" would be set forth in column (b). If Director C received non-standard retainer and/or meeting fees, the actual amount of the fees paid or provided to Director C would have to be set forth in columns (b) and/or (c).

(iii) Any grant of securities to the director for any service provided as a director, including:

(A) the number of any shares granted (column (e)); and

(B) the number of securities underlying any stock options or SARs granted (column (f)).

Instruction to Items 402(f)(2)(ii) and (iii)

The material terms of any non-standard arrangements, including consulting contracts, pursuant to which any of the directors named in the table was compensated for any service provided as a director during the registrant's last completed fiscal year shall be provided in a note to the table or in narrative following the table.

(3) Describe the material terms of any arrangements, standard or otherwise, pursuant to which any director of the registrant was compensated for services during the last fiscal year for services as a director, that are not required to be disclosed in the table required by paragraphs (f)(1) and (2) of this Item. Such arrangements include, e.g., retirement and pension benefits, insurance benefits, death benefits to the director's heirs, legacy and other charitable award program benefits. With respect to each arrangement described, state the name of the director that received compensation pursuant to the arrangement and state any amount paid during the last completed fiscal year.

* * * * *

PART 229—STANDARD INSTRUCTIONS FOR FILING FORMS UNDER SECURITIES ACT OF 1933, SECURITIES EXCHANGE ACT OF 1934 AND ENERGY POLICY AND CONSERVATION ACT OF 1975—REGULATION S-K

3. The authority citation for part 229 continues to read in part as follows:

Authority: 15 U.S.C. 77e, 77f, 77g, 77h, 77j, 77k, 77s, 77aa(25), 77aa(26), 77ddd, 77eee, 77ggg, 77hhh, 77iii, 77jjj, 77nnn, 77sss, 78c, 78i, 78j, 78l, 78m, 78n, 78o, 78w, 78ll(d), 79e, 79n, 79t, 80a-8, 80a-29, 80a-30, 80a-37, 80b-11, unless otherwise noted.

4. By amending § 229.402 by revising paragraphs (a)(6), (a)(8) and (g) to read as follows:

§ 229.402 (Item 402) Executive compensation.

(a) * * *

(6) *Omission of table or column.* A table or column may be omitted, if there has been no compensation awarded to, earned by or paid to any of the named executives or directors required to be reported in that table or column in any fiscal year covered by that table.

* * * * *

(8) *Location of specified information.* The information required by paragraphs (k) and (l) of this item need not be provided in any filings other than a registrant proxy or information statement relating to an annual meeting of security holders at which directors are to be elected (or special meeting or written consents in lieu of such meeting). The information required by paragraphs (d), (e), (f), (h), and (i) of this item need not be provided in a proxy or information statement pursuant to Item 8(a) of Schedule 14A (§ 240.14a-101 of this chapter), but may instead be provided in the registrant's Form 10-K (§ 249.310 of this chapter). The information required by paragraphs (i), (k) and (l) of this item will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

* * * * *

(g) *Compensation of directors.* (1) The information specified in paragraph (g)(2) of this item, regarding certain types of compensation paid or provided for the director's service in the last completed fiscal year to each director of the registrant, except a director who is a named executive officer, shall be disclosed in the tabular format specified below:

DIRECTOR COMPENSATION FOR LAST FISCAL YEAR

Name	Cash compensation			Security grants	
	Annual retainer fees (\$)	Meeting fees (\$)	Consulting fees/other fees (\$)	Number of shares (#)	Number of Securities underlying options/SARs (#)
(a)	(b)	(c)	(d)	(e)	(f)
Director A					
Director B					
Director C					

(2) The Table shall include:
(i) The name of the director (column (a));

(ii) Cash and Cash-Equivalent Compensation paid or provided to the

director (columns (b), (c) and (d)), including:

(A) The dollar value (cash and non-cash) of any annual retainer fees for service on the Board and any Board Committees, including any premium for chairing a committee (column (b));

(B) The aggregate dollar value (cash and non-cash) of any fees for attendance at Board and Committee meetings, including any premium for chairing a committee (column (c)); and

(C) The aggregate dollar value (cash and non-cash) of any consulting fees paid or provided to the director pursuant to a consulting contract entered into in consideration of the director's service on the board, as well as any special assignment fees and any other non-stock compensation paid or provided to the director in consideration of the director's service on the board; and

Instructions to Item 402(g)(2)(ii)

1. Amounts deferred at the election of a director, whether pursuant to a plan established under Section 401(k) of the Internal Revenue Code [26 U.S.C. 401(k)], or otherwise, shall be included in columns (b), (c), or (d) as appropriate. The fact that the amounts have been deferred may be explained in a note to the table.

2. For any form of non-cash compensation, disclose the fair market value at the time the compensation is provided.

3. In lieu of stating the dollar value of any annual retainer fee (column (b)), or aggregate dollar value of any meeting fees (column (c)), actually paid or provided to each director for services during the last completed fiscal year, the standard compensatory arrangement for each individual director receiving the registrant's standard fees may be described. For example, if Director A received a registrant's standard annual retainer fee of \$10,000 and standard meeting fees of \$1000 per board meeting and \$500 per committee meeting, "\$10,000" would be set forth in column (b) and "\$1000 per board meeting and \$500 per committee meeting" would be set forth in column (c). If Director B received the registrant's standard annual retainer fee of \$10,000 plus a \$5000 standard premium for serving as a committee chairperson, "\$15,000" would be set forth in column (b). If Director C received non-standard retainer and/or meeting fees, the actual amount of the fees paid or provided to Director C would have to be set forth in columns (b) and/or (c).

(iii) Any grant of securities to the director for any service provided as a director, including:

(A) the number of any shares granted (column (e)); and

(B) the number of securities underlying any stock options or SARs granted (column (f)).

Instruction to Items 402(g)(2) (ii) and (iii)

The material terms of any non-standard arrangements, including consulting contracts, pursuant to which any of the directors named in the table was compensated for any service provided as a director during the registrant's

last completed fiscal year shall be provided in a note to the table or in narrative following the table.

(3) Describe the material terms of any arrangements, standard or otherwise, pursuant to which any director of the registrant was compensated for services during the last fiscal year for services as a director, that are not required to be disclosed in the table required by paragraphs (g)(1) and (2) of this Item. Such arrangements include, e.g., retirement and pension benefits, insurance benefits, death benefits to the director's heirs, legacy and other charitable award program benefits. With respect to each arrangement described, state the name of the director that received compensation pursuant to the arrangement and state any amount paid during the last completed fiscal year.

PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

5. The authority citation for Part 240 continues to read in part as follows:

Authority: 15 U.S.C. 77c, 77d, 77g, 77j, 77s, 77eee, 77ggg, 77nnn, 77sss, 77ttt, 78c, 78d, 78i, 78j, 78l, 78m, 78n, 78o, 78p, 78s, 78w, 78x, 78ll(d), 79q, 79t, 80a-20, 80a-23, 80a-29, 80a-37, 80b-3, 80b-4, and 80b-11, unless otherwise noted.

6. By amending § 240.14a-101 by designating the existing Instruction to Item 8 as Instruction 1 and adding Instruction 2 to read as follows:

§ 240.14a-101 Schedule 14A. Information required in proxy statement.

Item 8. Compensation of directors and executive officers.

Instructions.

2. If action is to be taken with regard to Item 8(a), but not with regard to Item 8(b), (c) or (d), only the disclosure specified by Item 402(a)(8) of Regulation S-K (§ 229.402(a)(8) of this chapter) (or, if applicable, Item 402(a)(7) of Regulation S-B (§ 228.402(a)(7) of this chapter)) need be provided in response to this Item.

PART 249—FORMS, SECURITIES EXCHANGE ACT OF 1934

7. The authority for Part 249 continues to read, in part, as follows:

Authority: 15 U.S.C. 78a, et seq., unless otherwise noted.

8. By amending Form 10-K (referenced in § 249.310) by adding a sentence at the end of Item 11 read as follows:

Note—The text of Form 10-K does not, and this amendment will not, appear in the Code of Federal Regulations.

Form 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

* * * * *

Item 11. Executive Compensation. * * * If the registrant's definitive proxy or information statement is incorporated by reference pursuant to General Instruction G.3, and does not include all of the information required by Item 402 of Regulation S-K (§ 229.402 of this chapter), as permitted by Item 402(a)(8) of Regulation S-K, then the remaining Item 402 information shall be included in the annual report on Form 10-K.

* * * * *

9. By amending Form 10-KSB (referenced in § 249.310b) by adding a sentence at the end of Item 10 to read as follows:

Note—The text of Form 10-KSB does not, and this amendment will not, appear in the Code of Federal Regulations.

Form 10-KSB

* * * * *

Item 10. Executive Compensation. * * * If the small business issuer's definitive proxy or information statement is incorporated by reference pursuant to General Instruction E.3, and does not include all of the information required by Item 402 of Regulation S-B (§ 228.402 of this chapter), as permitted by Item 402(a)(7) of Regulation S-B, then the remaining Item 402 information shall be included in the annual report on Form 10-KSB.

* * * * *

Dated: June 27, 1995.

By the Commission.

Margaret H. McFarland,

Deputy Secretary.

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17 CFR Part 230

[Release No. 33-7185; File No. S7-15-95]

RIN 3235-AG51

Exemption for Certain California Limited Issues

AGENCY: Securities and Exchange Commission.

ACTION: Proposed rule.

SUMMARY: In order to reduce regulatory burdens associated with certain offers and sales of securities, the Commission today is proposing a new exemption from its registration requirements for limited offerings of up to \$5 million that are exempt from qualification under recently enacted California state securities law. In addition, public comment is solicited on whether the prohibition against general solicitation in certain Regulation D offerings should be reconsidered.