

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 210, 228, 229, 230, 232, 239, 240, and 249

[Release Nos. 33-7271 and 34-36922; S7-6-96]

RIN 3235-AG75

Phase-One Recommendations of Task Force on Disclosure Simplification

AGENCY: Securities and Exchange Commission.

ACTION: Proposed rules.

SUMMARY: The Commission has thus far considered certain of the recommendations contained in the Task Force on Disclosure Simplification's Report ("Task Force Report"), the publication of which the Commission is authorizing today. The Commission now proposes to eliminate a number of rules and forms that may no longer be necessary or appropriate for the protection of investors, and to propose other minor or technical rule changes or corrections. Other proposals designed to improve the disclosure process, both for investors and those subject to the Commission's disclosure requirements, may be forthcoming in future releases following the Commission's further consideration of the remaining Task Force recommendations. Accordingly, by issuing this release, the Commission does not intend to express any view on the merits of any of the Task Force's recommendations not addressed in this release.

DATES: Comments should be submitted on or before April 10, 1996.

ADDRESSES: All comments concerning the rule proposals should be submitted in triplicate to Jonathan G. Katz, Secretary, U.S. Securities and Exchange Commission, Mail Stop 6-9, 450 Fifth Street NW., Washington, D.C. 20549. Comments also may be submitted electronically at the following E-mail address: rule-comments@sec.gov. All comment letters should refer to File Number S7-6-96; this file number should be included on the subject line if E-mail is used. Comment letters will be available for inspection and copying in the public reference room at the same address. Electronically submitted comment letters will be posted on the Commission's Internet web site (<http://www.sec.gov>).

FOR FURTHER INFORMATION CONTACT: James R. Budge, Office of Disclosure Policy, Division of Corporation Finance, at (202) 942-2910, Douglas G. Tanner, Office of Chief Accountant, Division of Corporation Finance at (202) 942-2960

or M. Kathleen Haller, Division of Corporation Finance, at (202) 942-1977.

SUPPLEMENTARY INFORMATION: In order to begin implementing certain of the recommendations of the Task Force on Disclosure Simplification that it has so far considered, the Commission today is proposing the elimination of Rules 3-16,¹ 4-05,² 4-06,³ and 4-10 (b) through (h)⁴ of Regulation S-X,⁵ Industry Guide 1,⁶ Rule 148⁷ under the Securities Act of 1933 ("Securities Act"),⁸ Regulation B⁹ (including Forms 1-G and 3-G and Schedules A, B, C, and D thereunder¹⁰), Rules 445,¹¹ 446,¹² 447¹³ and 494¹⁴ of Regulation C under the Securities Act,¹⁵ Regulation F,¹⁶ (including Form 1-F¹⁷), Securities Act Rules 702(T)¹⁸ and 703(T),¹⁹ Form 701,²⁰ Rule 13a-17²¹ under the Securities Exchange Act of 1934 ("Exchange Act"),²² Exchange Act Rules 15d-17,²³ 16b-1(c)²⁴ and 16b-4,²⁵ General Instruction I of Form 10-K,²⁶ and Form 10-C.²⁷ In addition, amendments are being proposed to the following rules and forms: Item 501²⁸ and Item 601(b)²⁹ of Regulations S-B³⁰ and S-K,³¹ Rule 252(h)(2)³² of Regulation A,³³ Rules 402,³⁴ 406,³⁵ 464,³⁶ 471,³⁷ 472³⁸ and 473³⁹ of Regulation C, Rule 504⁴⁰ of Regulation

¹ 17 CFR 210.3-16.

² 17 CFR 210.4-05.

³ 17 CFR 210.4-06.

⁴ 17 CFR 210.4-10(a) through (h).

⁵ 17 CFR Part 210.

⁶ 17 CFR 229.801(a) and 229.802(a).

⁷ 17 CFR 230.148.

⁸ 15 U.S.C. 77a *et seq.*

⁹ 17 CFR 230.300 through 230.346.

¹⁰ Referenced in 17 CFR 239.101.

¹¹ 17 CFR 230.445.

¹² 17 CFR 230.446.

¹³ 17 CFR 230.447.

¹⁴ 17 CFR 230.494.

¹⁵ 17 CFR 230.400 through 230.494.

¹⁶ 17 CFR 230.651 through 230.656.

¹⁷ 17 CFR 239.300.

¹⁸ 17 CFR 230.702(T).

¹⁹ 17 CFR 230.703(T).

²⁰ 17 CFR 239.701.

²¹ 17 CFR 240.13a-17.

²² 15 U.S.C. 78a *et seq.*

²³ 17 CFR 240.15d-17.

²⁴ 17 CFR 240.16b-1.

²⁵ 17 CFR 240.16b-4.

²⁶ 17 CFR 249.310.

²⁷ 17 CFR 249.310c.

²⁸ 17 CFR 229.501.

²⁹ 17 CFR 228.601(b) and 17 CFR 229.601(b).

³⁰ 17 CFR Part 228.

³¹ 17 CFR Part 229.

³² 17 CFR 230.252(h)(2).

³³ 17 CFR 230.251 through 230.263.

³⁴ 17 CFR 230.402.

³⁵ 17 CFR 230.406.

³⁶ 17 CFR 230.464.

³⁷ 17 CFR 230.471.

³⁸ 17 CFR 230.472.

³⁹ 17 CFR 230.473.

⁴⁰ 17 CFR 230.504.

D,⁴¹ Rule 902⁴² of Regulation S,⁴³ Rule 311⁴⁴ of Regulation S-T,⁴⁵ Form F-6,⁴⁶ Form F-7,⁴⁷ Form F-8,⁴⁸ Form F-9,⁴⁹ Form F-10,⁵⁰ Form F-80,⁵¹ and Exchange Act Rules 12b-11,⁵² 13a-13,⁵³ 14d-1,⁵⁴ 15d-13,⁵⁵ 16a-3,⁵⁶ and 24b-2.⁵⁷

I. Background

Chairman Arthur Levitt organized the Task Force on Disclosure Simplification ("Task Force") in August 1995 to review forms and rules relating to capital-raising transactions, periodic reporting pursuant to the Exchange Act, proxy solicitations, and tender offers and beneficial ownership reports under the Williams Act. The goal was to simplify the disclosure process and to make regulation of capital formation more effective and efficient where consistent with investor protection.

In the course of its review, the Task Force met with issuing companies, investor groups, underwriters, accounting firms, law firms and others who participate daily in the capital markets ("industry participants"). The Task Force prepared a report summarizing its findings and setting forth recommendations and suggestions of areas for further Commission study. The Task Force Report was presented to the Commission at an open meeting on March 5, 1996.⁵⁸

The Task Force has recommended that the Commission eliminate or modify many rules and forms, as well as simplify several key aspects of securities offerings. Having had the opportunity to consider a relatively small number of those recommendations, the Commission has determined to implement some of the Task Force Report's recommendations by proposing for public comment the elimination of 45 rules and 4 forms in conjunction with the publication of the Task Force

⁴¹ 17 CFR 230.501 through 230.508.

⁴² 17 CFR 230.902.

⁴³ 17 CFR 230.901 through 230.904.

⁴⁴ 17 CFR 232.311.

⁴⁵ 17 CFR Part 232.

⁴⁶ 17 CFR 239.36.

⁴⁷ 17 CFR 239.37.

⁴⁸ 17 CFR 239.38.

⁴⁹ 17 CFR 239.39.

⁵⁰ 17 CFR 239.40.

⁵¹ 17 CFR 239.41.

⁵² 17 CFR 240.12b-11.

⁵³ 17 CFR 240.13a-13.

⁵⁴ 17 CFR 240.14d-1.

⁵⁵ 17 CFR 240.15d-13.

⁵⁶ 17 CFR 240.16a-3.

⁵⁷ 17 CFR 240.24b-2.

⁵⁸ The Report is available for inspection and copying in the Commission's public reference room. The Report also is posted on the Commission's Internet web site (<http://www.sec.gov>). Persons interested in commenting on the Report may do so by referring to File No. S7-6-96.

Report. A number of other revisions, including minor and technical amendments, also are being proposed. Other proposals designed to improve the disclosure process, both for investors and those subject to the Commission's disclosure requirements, may be forthcoming in future releases following the Commission's further consideration of the Task Force recommendations.

The Commission is taking the first step towards implementation of certain of the Task Force recommendations by proposing the elimination or amendment of the rules and forms enumerated below. By issuing these proposals for public comment simultaneously with the publication of the Task Force Report, the Commission does not intend to indicate either approval or disapproval of any of the remaining recommendations or suggestions in the Task Force Report that it has not yet fully considered.

II. Non-Financial Disclosure

A. Securities Act Rules

1. Regulation B (Rules 300-346), and Accompanying Schedules A, B, C, and D, and Forms 1-G and 3-G

Regulation B provides a conditional, limited exemption from Securities Act registration for offerings of "fractional undivided interests" in oil or gas rights of up to \$250,000 per offering. A precursor to Regulation B was adopted by the Federal Trade Commission in 1934;⁵⁹ Regulation B was last substantially revised in 1972.⁶⁰

In order to qualify for the Regulation B exemption, an offeror of fractional undivided interests in certain specified oil or gas rights must file an offering sheet with the Commission at least ten days prior to commencing the offering. The offering sheet must contain the information specified by Schedules A, B, C, or D, depending on the distinct type of oil/gas interest, as well as on whether the enterprise is producing or non-producing. These schedules require some detailed information concerning the nature and amount of the interests offered; the legal rights and obligations created by such interests; a description of the property in question; for producing interests, a history of the oil/gas production activities in the field in question; and, for non-producing interests, a description of plans for the drilling of wells, including the estimated costs and method of financing such drilling. However, Regulation B

does not require any offeror to furnish current or past financial statements.

Regulation B also requires an offeror to submit two post-offering reports: Form 1-G and Form 3-G. Form 1-G, which is filed with the Commission, requires disclosure of information pertaining to each sale of the offered securities. Form 3-G, which is sent to each purchaser as well as filed with the Commission, includes more detailed information pertaining to the offering's results, including the actual cost of drilling, and expenses incurred in the selling effort.

Between 1966 and 1977, the Commission received 6,904 Regulation B filings. This relatively large number of Regulation B filings appears to have corresponded with a spurt of oil/gas drilling activity and related financing triggered by the energy crisis of the mid 1970s. In 1975 alone, the Commission received 625 Regulation B offering sheets pertaining to \$35.4 million in total sales.

However, by 1977 the number of Regulation B offering sheets received by the Commission had dropped to 96, covering only \$7.3 million in aggregate sales of oil/gas securities. Since then, the number of Regulation B offering sheets filed has steadily declined, from 94 such filings in 1980, to 13 in 1985, 7 in 1990, 4 in 1992, and, finally, 0 in 1995. Moreover, since enactment of Regulation B's reporting requirements in 1972, the Commission has received only one each of Form 1-G and Form 3-G.

Comment is requested as to whether Regulation B (and accompanying schedules and forms) continues to be useful to investors and issuers. Does the availability of other exemptions, such as the limited offering exemption from registration set forth in Regulation D, or the private placement exemption under Section 4(2) of the Securities Act,⁶¹ render Regulation B obsolete?

2. Regulation F (Rules 651-656) and Accompanying Form 1-F

Regulation F provides a conditional limited exemption from Securities Act registration for assessments levied on assessable stock and for resales of forfeited assessable stock. The Commission promulgated Regulation F in 1959⁶² at the same time that it enacted Securities Act Rule 136.⁶³ Rule 136(c) defines "assessable stock" to mean "stock which is subject to resale by the issuer * * * in the event of a failure of the holder of such stock to pay

any assessment levied thereon." Thus, assessable stock is stock, the purchase of which triggers an annual obligation to pay an amount, termed an "assessment," to the issuer in addition to the original offering price. If the buyer fails to pay the levied assessment after receiving a notice of delinquency from the issuer, the issuer can reclaim the original stock and resell it, usually at an auction.

Under Rule 136, both the levying of an assessment on assessable stock and the resale of forfeited assessable stock constitute the issuance of securities, which trigger registration requirements under the Act. Regulation F establishes a partial conditional exemption from registration for these transactions. In order to qualify for the exemption, a company must be incorporated or have its principal business operations in the United States. In addition, a company cannot claim more than \$300,000 in exempted assessable stock transactions for any one calendar year. Form 1-F requires disclosure of pertinent information about the issuer; its 10% beneficial stockholders; its directors and officers; its levied assessments, resales of forfeited assessable stock, and other unregistered securities issued during the preceding year; and its current proposed assessments or resales of forfeited assessable stock.

It appears that only two types of companies have issued assessable stock: mining companies and water extraction/delivery companies, also known as mutual water companies. Since the promulgation of Regulation F, approximately 40 such companies have filed a total of 234 1-F forms. Most of these filings occurred between 1967 and 1982. Only 32 Form 1-F filings have occurred between 1983 and 1995. Ten companies were responsible for those filings. Since 1992, only three companies have filed a total of 10 1-F forms with the Commission.

One reason for the recent steady decline of Form 1-F filings appears to be the availability of more beneficial limited offering exemptions, particularly the Rule 504 exemption. In 1982, the Commission adopted its first version of Rule 504. Following that year, the annual number of Form 1-F submissions steadily decreased from 9 in 1982, to 6 in 1983, 3 in 1984, 0 in 1985 and 1986, and an average filing rate of 2-3 for the years 1987 to 1995. Virtually all Regulation F companies have been non-reporting companies. Accordingly, such companies are eligible to claim a Rule 504 exemption.

Comment is requested as to whether Regulation F (and accompanying schedules and forms) continues to be

⁵⁹ Release No. 33-185 (June 30, 1934).

⁶⁰ Release No. 33-5314 (October 11, 1972) [37 FR 23829].

⁶¹ 15 U.S.C. 77d(2).

⁶² Release No. 33-4121 (July 30, 1959) [24 FR 6385].

⁶³ 17 CFR 230.136.

useful to investors and issuers. Does the availability of other exemptions, such as the limited offering exemption from registration set forth in Regulation D, or the private placement exemption under Section 4(2) of the Securities Act, render Regulation F obsolete?

3. Securities Act Rule 148

Rule 148 was originally designed to be a counterpart to Rule 144 and, as such, to provide a safe harbor for the resales of certain categories of securities acquired in bankruptcy proceedings. Included in these categories are securities issued under the Federal Bankruptcy Act, portfolio securities sold under the Securities Investors Protection Act (SIPA), and issuances of debtor securities in circumstances where the Federal Deposit Insurance Corporation (FDIC) has been appointed receiver of the debtor's assets.

In 1978, the Bankruptcy Act was repealed and replaced with the Bankruptcy Code, which provides an exemption from Securities Act registration as well as a safe harbor for the resales of securities received under a plan of reorganization. Through no-action letters, the Commission has taken the position that Rule 148 is applicable only to resales of securities that were issued under the repealed Bankruptcy Act, but not to resales of securities under the 1978 Bankruptcy Code.

Comment is requested as to whether Rule 148 continues to serve a useful purpose (e.g., in connection with securities sold under the SIPA and/or where the FDIC has been appointed receiver of the debtor's assets). Commenters also should consider whether the rule be retained for securities issued under the repealed Bankruptcy Act.

4. Securities Act Rules 445, 446, and 447

The Task Force has recommended that the Commission eliminate Rules 445, 446 and 447, which govern registration statements filed in connection with securities to be offered through competitive bidding (e.g., by means of a solicitation of competitive proposals from underwriters). These rules were put into place in the late 1940s principally to accommodate registered public utility holding companies and their subsidiaries ("registered holding companies"). These companies were subject to Rule 50 under the Public Utility Holding Company Act of 1935 ("PUHCA"), which required that their securities be sold through competitive bids.

Rules 445, 446 and 447 appear to be rarely used at present. A review of

Commission filings shows that there was only one competitive bid filing in 1994, and no competitive bid filings in 1995. One reason for the lack of filings under these rules may be that, beginning in 1982, the Commission began to relax the restrictive bidding requirements of PUHCA Rule 50 in recognition of the fact that these procedures often precluded registered holding companies from obtaining the benefits of the Securities Act Rule 415 shelf registration procedure, placing them at a disadvantage compared to other issuers in getting access to the capital markets on short notice. In 1994, the Commission determined that competitive bidding was no longer necessary to prevent abuses in the issuance and sale of securities by these companies and rescinded Rule 50.⁶⁴

Comment is requested as to whether Rules 445, 446, and 447 continue to be useful in capital raising transactions. Comment also is requested as to whether other Commission rules, such as Rule 430A (which eliminates the need for alternative prospectus cover pages),⁶⁵ are adequate to accommodate the distribution of securities through today's competitive bidding practices.

5. Securities Act Rule 494

Rule 494 was adopted in 1951 to accommodate a then common practice of advertising securities issued by foreign national governments.⁶⁶ The rule limits such "newspaper prospectuses" for foreign government securities to advertisements appearing in newspapers, magazines and other periodicals that are distributed by second class mail. However, the practice appears to have fallen into disuse.

Comment is requested as to whether Rule 494 continues to serve a useful purpose. Should this rule be retained, in whole or in part, in light of contemporary practices relating to offerings of foreign government securities?

B. Exchange Act Rules

1. Paragraph (c) of Exchange Act Rule 16b-1

This rule exempts the acquisition of securities resulting from a reorganization of a railroad or other carrier approved by the Interstate Commerce Commission ("ICC"), an agency that was abolished as of January 1, 1996. The function of approving such reorganizations has now been

⁶⁴ Release No. 35-26031 (April 20, 1994) [59 FR 21922].

⁶⁵ 17 CFR 230.430A.

⁶⁶ Release No. 33-3425 (August 27, 1951) [16 FR 8820].

transferred to the Surface Transportation Board, an independent agency of the Department of Transportation.

Comment is requested as to whether the exemption provided by this rule continues to serve a useful purpose. In addition, comment is solicited as to whether the exemption provided by this rule should continue to be administered by the Surface Transportation Board, as ICC's successor, or whether it should be treated similarly to the other Section 16(b) exemptive provisions that are administered by the Commission.

2. Exchange Act Rule 16b-4

Rule 16b-4 provides an exemption from the requirements of Section 16(b) for certain holding company redemption transactions. There appear to be few situations where a holding company owns securities in only one company and desires to exchange its own shares through a redemption for those of such company, and there appear to be few, if any, situations in which the rule is invoked.

Commenters should address whether the exemption provided by this rule has been invoked with any degree of frequency. Comment is also requested as to whether the rule generally serves a useful purpose, and should be retained in whole or in part; if retained, for what purpose.

C. Disclosure Requirements

1. Item 501(b) of Regulation S-K

Item 501(b) of Regulation S-K currently requires that registrants provide a cross-reference sheet immediately following the facing page in prospectuses, showing the location of the information required to be included in response to the items in the form. This cross-reference sheet requirement is in addition the Regulation S-K Item 502(g) provision that registrants include a reasonably detailed table of contents.⁶⁷ In light of the table of contents requirement, the Commission proposes to eliminate the cross-reference sheet requirement.

Comment is requested as to whether the table of contents provides an adequate road map to the prospectus so that the cross-reference sheet could be eliminated entirely. Commenters who object to total elimination should specify how the cross-reference sheet should be modified to reflect their concerns.

⁶⁷ References to the cross reference sheet would be deleted from Securities Act Rule 472.

2. Item 501(c)(8) of Regulation S-K⁶⁸

This proposed revision, which eliminates a red ink requirement for the required prospectus caption "Subject to Completion", would conform the requirements of Regulation S-K with those of Regulation S-B, which has no requirements relating to the color of the caption. Comment is solicited on whether the color of the caption serves a significant purpose.

3. Exhibits

The Commission proposes to delete the following from the required list of exhibits in Regulation S-K and Regulation S-B⁶⁹ because the information in each such exhibit either appears to be infrequently used or is otherwise available. The specific exhibits proposed to be eliminated are: Opinion regarding discount on capital shares (Exhibit 6);⁷⁰ Opinion regarding liquidation preference (Exhibit 7); Statement regarding computation of per share earnings (Exhibit 11); Material foreign patents (Exhibit 14); and Information from reports furnished to state insurance regulatory authorities (Exhibit 28).⁷¹

Comment is solicited on whether any of these exhibits provides information material to investors and other market participants. Does the statement regarding computation of per share earnings provide useful information not otherwise provided in Commission filings? Commenters should address whether the availability of foreign patent documentation or documents filed with insurance regulators is sufficient, or whether they should continue to be filed with securities disclosure documents.

4. Industry Guide 1

Guide 1 requires disclosure of the principal sources of electric and gas revenues and the classes of services offered by the registrant in certain registration statements as well as annual reports on Form 10-K. In addition, if equity securities are being registered and will be issued at a price below book value per share, Guide 1 requires disclosure of the effects, if any, on the registrant's business of issuing such shares at a price below the underlying

book value per share. The Commission proposes to eliminate Guide 1 because the information requested by the Guide also appears to be within the coverage of other rules of the Commission, including Items 101 and 303 of Regulation S-K.⁷²

Comment is requested on whether any aspect of the information required by Guide 1 is not furnished by affected issuers pursuant to other Commission rules, and if not, whether maintaining a separate Guide 1 would be necessary or appropriate and in the interests of investors.

D. Forms

1. Form 701

The Commission proposes to delete expired Form 701 (Notice of sales pursuant to an exemption under Section 701) and the rules that required its filing (Securities Act Rules 702(T) and 703(T)) in order to remove them from the Code of Federal Regulations. By their terms, Rules 702(T) and 703(T), and thus Form 701, were effective only until 1993. Commenters who believe that this form should be re-instated should provide specific reasons as to the bases for their views.

2. Form F-6

Commission is proposing to eliminate Items 3(e) and 4(a) of Form F-6, governing the registration of depositary shares evidenced by American Depositary Receipts ("ADRs"), because the elicited information appears to be of little use to investors or the marketplace at large.

Item 3(e) of Form F-6 requires the registrant to include, as an exhibit, the name of each dealer known to the registrant who has deposited shares against issuance of ADRs, proposes to deposit shares or participated in a plan to deposit shares, within the past six months. Under Item 4(a) of Form F-6, a registrant must undertake to provide semi-annual updated information generally concerning dealers depositing shares in the facility and the number of shares issued/cancelled during the covered period. However, because the base number of outstanding shares is not normally publicly available, the information regarding semi-annual adjustments to that number appears to be of little use.

Comment is requested as to whether any information provided by Item 3(e) or 4(a) serves any useful purpose, whether to the issuers of the underlying shares (particularly where the ADR facility is unsponsored), ADR

purchasers, or the markets in which these securities are traded.

3. Form 10-C

The Commission proposes to eliminate Form 10-C and Rules 13a-17 and 15d-17, which require issuers registered under the Exchange Act and quoted in Nasdaq to report changes in corporate name to the Commission and the NASD, or an aggregate increase or decrease of a class of securities outstanding that exceeds 5% of the amount of securities of the class outstanding. In proposing the elimination of this form, the Commission notes that the information regarding changes in number of shares outstanding typically is reflected in an issuer's financial statements. Comment is requested as to whether the Form 10-C provides material information not otherwise provided. Commenters who favor retention of Form 10-C should be specific with respect to the reasoning for their position.

III. Financial Disclosure

The Commission also proposes to implement certain of the recommendations in the Task Force Report relating to accounting disclosure rules, as set forth below. These rules were identified as being largely duplicative of generally accepted accounting principles ("GAAP") or other Commission rules. Accordingly, maintaining separate Commission rules would appear unnecessary.

The proposed changes are not intended to alter current accounting standards or disclosure practices. Comment is requested on whether any of the proposed changes would have the effect of altering current accounting standards or disclosure practices, and if so, how.

1. Rule 3-16 of Regulation S-X

Rule 3-16(a) of Regulation S-X sets forth the requirement that a registrant, which has emerged from a significant reorganization, disclose in its financial statements a brief explanation of such reorganization. In addition, if the registrant is about to emerge from a reorganization, Rule 3-16(b) of Regulation S-X requires a balance sheet giving effect to the plan of reorganization with separate presentation of the registrant's balance sheet before the reorganization, the changes to be effected in the reorganization, and the balance sheet of the registrant after the reorganization. Registrants have historically satisfied the requirements of Rule 3-16(b) with pro forma financial information.

⁶⁸ 17 CFR 229.501(c)(8).

⁶⁹ Item 601(b) of Regulation S-B and Regulation S-K.

⁷⁰ This exhibit currently is not required in Regulation S-B; consequently, no change is necessary.

⁷¹ Regulation S-T Rule 311(c), providing that exhibits filed by electronic filers pursuant to paragraph (b)(28) may be filed in paper under cover of Form SE [17 CFR 239.64, 249.444, 269.8] would be eliminated.

⁷² 17 CFR 229.101 and 229.303, respectively.

In November 1990, the AICPA issued SOP 90-7, "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code," which prescribes the accounting and financial statement presentation for entities in bankruptcy reorganization and for entities which have emerged from bankruptcy. ARB 43, Section 210 of the Financial Reporting Codification, and SAB Topic 5:S prescribes the accounting and financial statement disclosures for quasi-reorganizations. Further, Article 11 of Regulation S-X requires pro forma financial information whenever consummation of events or transactions occurs or is probable and for which disclosure of pro forma financial information would be material to investors.

The Commission proposes to eliminate Rule 3-16 of Regulation S-X because the information requested by that Rule also appears to be within the scope of Article 11 and the disclosure requirements of the other accounting literature discussed above. Comment is requested on whether there are any reorganizations within the scope of Rule 3-16 which would be outside the scope of SOP 90-7, ARB 43, Section 210 of the Financial Reporting Codification, and SAB 78 [SAB Topic 5:S], for which disclosure of the information required by Rule 3-16 would be material to investors. In addition, comment is requested on whether the information required by Rule 3-16 would be required to be disclosed in whole or in part by the items discussed above, and if so, whether maintaining a separate rule is necessary or appropriate to ensure full and fair disclosure.

2. Rule 4-05 of Regulation S-X

The Commission proposes to eliminate Rule 4-05 of Regulation S-X, relating to current assets and current liabilities when a company's operating cycle is longer than one year, because Chapter 3A of ARB 43 and current accounting practices, requires the same presentation and information. Comment is requested on whether there would be any material loss of information in financial statements if Rule 4-05 of Regulation S-X were to be eliminated.

3. Rule 4-06 of Regulation S-X

The Commission proposes to eliminate Rule 4-06 of Regulation S-X, which currently provides that reacquired indebtedness of a registrant must be deducted from the appropriate liability caption on the registrant's balance sheet. This rule is believed by some to be unnecessary because GAAP, including APB 26 and SFAS 76, requires that such items be considered

extinguished and deducted from the appropriate caption on the balance sheet. Further, with respect to the provisions of Rule 4-06 relating to reacquired indebtedness held for pension and other special funds, SFAS 87 and SFAS 106 prescribe the definition of, and accounting for, plan assets for pension plans and other post employment benefit plans, which are treated as issuer liabilities.

Comment is requested on whether maintaining a separate Commission Rule 4-06 is necessary or appropriate in light of applicable GAAP, and the needs of users of registrant financial statements.

4. Rule 4-10 of Regulation S-X

The requirements of the successful efforts accounting method followed by oil and gas producers are set forth in paragraphs (b) through (h) of Rule 4-10 of Regulation S-X. As a result of the Commission's action to supersede the FASB's determination to designate successful efforts as the method of accounting to be applied uniformly by all oil and gas producers,⁷³ specific rules for both the successful efforts and full cost accounting methods were maintained in Regulation S-X.

The successful efforts method of accounting codified into Rule 4-10 appears to be duplicative of the accounting standards adopted by the FASB in SFAS 19. Because of such duplication, the Commission proposes to eliminate the portions of Rule 4-10 which duplicate SFAS 19—paragraph (b) through (h) of the Rule. Comment is requested on whether there are any significant differences between paragraphs (b) through (h) of Rule 4-10 and the requirements of SFAS 19 and, if not, whether maintaining separate Commission rules is necessary or appropriate.

IV. Miscellaneous Minor and Technical Changes

The Commission proposes to make the following technical changes to certain rules and forms under the Securities Act and the Exchange Act. Comment is sought on the necessity or appropriateness of each of the proposed changes.

- Correct a number of out-of-date cross references in certain Securities Act rules and forms.⁷⁴
- Allow the addition or withdrawal of a delaying notation under Regulation

⁷³ Accounting Series Release No. 253 (August 31, 1978) [43 FR 40688].

⁷⁴ Proposed amendments to Rule 406, 464 and 473 of Regulation C and Forms F-7, F-8, F-9, F-10 and F-80.

A⁷⁵ or the filing of a delaying or other amendment under Rule 473⁷⁶ by facsimile transmission, so as to provide issuers with additional flexibility in filing documents with the Commission.

- Modify and clarify signature requirements to allow manual, typed, duplicated or faxed signatures on paper filings, with a manual signature retention requirement for typed, duplicated or faxed signatures.⁷⁷ This proposal would clarify existing rules, as well as extend to paper filers the option of filing typed signature pages, thus providing comparable treatment to both paper and electronic filers.⁷⁸ The proposed language would retain the five-year manual signature retention requirement of Regulation S-T Rule 302(b). Comment is requested specifically as to whether the five-year retention period is necessary, or whether all signature retention requirements, including those in Regulation S-T, should be reduced to a shorter period, such as three or four years.

- Revise provisions in Rule 406 of Regulation C and Exchange Act Rule 24b-2 to emphasize the fact that confidential treatment requests should not be submitted electronically, but rather, should be submitted in paper. This is intended to minimize the chances of a confidential document being erroneously submitted as part of a public filing.

- Modify Rule 504 of Regulation D⁷⁹ so that the rule itself states that there is no information delivery requirement in connection with Rule 504 offerings. This is intended to eliminate confusion resulting from the current language of Regulation D.

- Update the Regulation S definition of "Designated Offshore Securities Market" to include markets that have been recognized as such by the Division of Corporation Finance pursuant to delegated authority since the adoption of the regulation.⁸⁰

- Eliminate provisions exempting small life and mutual life insurance companies from filing quarterly financial results on Form 10-Q and Form 10-QSB.⁸¹ The exemption for small life insurance companies expired

⁷⁵ Proposed amendment to 17 CFR 230.252(h)(2).

⁷⁶ 17 CFR 230.473.

⁷⁷ Proposed amendments to Rule 402 and 471 of Regulation C, and Exchange Act Rules 12b-11, 14d-1 and 16a-3.

⁷⁸ See Rule 302 of Regulation S-T [17 CFR 232.302].

⁷⁹ Proposed amendment to 17 CFR 230.504.

⁸⁰ Proposed amendment to Rule 902 of Regulation S.

⁸¹ Proposed amendment to Exchange Act Rules 13a-13 and 15d-16.

by its terms on December 20, 1983, and the exemption for mutual life companies was meant to track the small life insurance companies exemption.

- Eliminate a general instruction to Form 10-K⁸² referring to filings on Form S-18, which form was replaced by other small business forms in 1992.

V. General Request for Comment

Any interested persons wishing to submit comment on any of the proposals set forth in this release, are invited to do so by submitting them in triplicate to Jonathan G. Katz, Secretary, U.S. Securities and Exchange Commission, 450 Fifth Street, N.W., Washington D.C. 20549. Comments also may be submitted electronically at the following E-mail address: rule-comments@sec.gov. All comment letters should refer to File Number S7-6-96; this file number should be included on the subject line if E-mail is used. Comment is specifically requested as to whether any of the rules or forms that have been proposed to be eliminated provide disclosure that is material to investors, issuers or other market participants, the states or any other entity. Comment also is requested on any competitive burdens that might result from the adoption of any of the proposals. All comments will be considered by the Commission in complying with its responsibility under Section 23(a) of the Exchange Act.⁸³ 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. Electronically submitted comment letters will be posted on the Commission's Internet web site (<http://www.sec.gov>).

VI. Cost-Benefit Analysis

Commenters are requested to provide their views and data relating to any costs and benefits associated with these proposals to aid the Commission in its evaluation of the costs and benefits that may result from the changes proposed in this release. It is anticipated that these proposals will benefit those with filing obligations by simplifying or clarifying current rules and by eliminating rules and forms that are outdated or rarely used for other reasons. No detrimental effects to investors are expected. However, it is not believed that the changes outlined herein will affect significantly the overall costs and burdens associated with filing requirements generally.

VII. 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 amendments are to eliminate certain rules and forms and make minor revisions to the Commission's rules to correct or modernize them.

As discussed more fully in the analysis, the proposals would affect persons that are small entities, as defined by the Commission's rules. It is not expected that increased reporting, recordkeeping and compliance burdens would result from the changes. The analysis also indicates that there are no current federal rules that duplicate, overlap or conflict with the rules and forms to be amended.

As stated in the analysis, several possible significant alternatives to the proposals were considered, including, among others, establishing different compliance or reporting requirements for small entities or exempting them from all or part of the proposed requirements. As discussed more fully in the analysis, the nature of these amendments do not lend themselves to separate treatment, nor would they impose additional burdens on small business issuers.

Written comments are encouraged with respect to any aspect of the analysis. Such comments will be considered in the preparation of the Final Regulatory Flexibility Analysis if the proposed amendments are adopted. A copy of the analysis may be obtained by contacting James R. Budge, Office of Disclosure Policy, Division of Corporation Finance, Mail Stop 3-7, 450 Fifth Street, N.W., Washington, D.C. 20549.

VIII. Paperwork Reduction Act

The staff has consulted with the Office of Management and Budget ("OMB") and has submitted the proposals for review in accordance with the Paperwork Reduction Act of 1995 ("the Act") (44 U.S.C. 3501 *et seq.*). It is anticipated that the proposals to eliminate certain exhibits from Item 601(b) of Regulations S-K and S-B⁸⁴ would reduce the existing information collection requirements that are associated with the forms identified in the exhibit tables in those regulations. The net reduction for all affected information collection requirements would be an estimated 62,663 hours, or

about .3% of the total burden hours associated with current requirements.

With respect to the proposal to eliminate certain requirements within Form F-6,⁸⁵ the supporting statement indicates that registrants no longer would be required to furnish the name of each dealer known to it or depository who: 1) has deposited shares against the issuance of ADRs within the past six months, 2) proposes to deposit shares against issuance of ADRs, or 3) assisted or participated in the creation of the plan of the issuance of the ADRs or the selection of the deposited securities. This proposal would reduce the total information burden of affected registrants (currently 339 hours) by approximately .1 hour per submission, for a total reduction of 33.9 hours for all submissions.

The Commission solicits comment concerning whether the proposed change in collection of information is necessary; on the accuracy of the Commission's estimate of the burden of the proposed changes to the collection of information; on the quality, utility and clarity of the information to be collected; and whether the burden of collection of information on those who are to respond, including through the use of automated collection techniques or other forms of information technology, may be minimized.

Persons desiring to submit comments on the collection of information requirements should direct them to the Office of Management and Budget, Attention: Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Washington, D.C. 20503, and should also send a copy of their comments to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, with reference to File No. S7-6-96. The Office of Management and Budget is required to make a decision concerning the collection of information between 30 and 60 days after publication, so a comment to OMB is best assured of having its full effect if OMB receives it within 30 days of publication.

IX. Statutory Basis for the Proposals

The foregoing amendments are proposed pursuant to Sections 6, 7, 8, 10 and 19(a) of the Securities Act, Sections 3, 12, 13, 14, 15(d), 23(a) and 35A of the Exchange Act.

⁸² General Instruction I.
⁸³ 15 U.S.C. 78w(a).

⁸⁴ The titles of the affected information collection requirements are "Regulation S-K" and "Regulation S-B."

⁸⁵ This information collection is entitled "Form F-6."

List of Subjects in 17 CFR Parts 210, 228, 229, 230, 232, 239, 240, and 249

Accountants, Confidential business information, Registration requirements, Reporting and recordkeeping requirements, 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 210—FORM AND CONTENT OF AND REQUIREMENTS FOR FINANCIAL STATEMENTS, SECURITIES ACT OF 1933, SECURITIES EXCHANGE ACT OF 1934, PUBLIC UTILITY HOLDING COMPANY ACT OF 1935, INVESTMENT COMPANY ACT OF 1940, AND ENERGY POLICY AND CONSERVATION ACT OF 1975

1. The authority citation for Part 210 continues to read as follows:

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s, 77aa(25), 77aa(26), 78l, 78m, 78n, 78o(d), 78w(a), 78ll(d), 79e(b), 79j(a), 79n, 79t(a), 80a-8, 80a-20, 80a-29, 80a-30, 80a-37, unless otherwise noted.

§ 210.3-16 [Removed and reserved]

2. By removing and reserving § 210.3-16.

§ 210.4-05 [Removed and reserved]

3. By removing and reserving § 210.4-05.

§ 210.4-06 [Removed and reserved]

4. By removing and reserving § 210.4-06.

§ 210.4-10 [Amended]

5. By amending § 210.4-10 by removing the heading preceding paragraph (b), removing paragraphs (b) through (h) and redesignating paragraphs (i) and (j) as paragraphs (b) and (c).

PART 228—INTEGRATED DISCLOSURE SYSTEM FOR SMALL BUSINESS ISSUERS

6. 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.

§ 228.60 [Amended]

7. By amending § 228.601 (Item 601 of Regulation S-B) in the exhibit table, by removing and reserving exhibit numbers (7), (11), (14), and (28), and by removing and reserving paragraphs (b)(7), (b)(11), (b)(14), and (b)(28).

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

8. The authority citation 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.

* * * * *

§ 229.501 [Amended]

9. By amending § 229.501 (Item 501 Regulation S-K) by removing paragraph (b), redesignating paragraph (c) as paragraph (b), and in newly designated paragraph (b)(8) by removing the words “, in red ink”.

§ 229.601 [Amended]

10. By amending § 229.601 (Item 601 of Regulation S-K) in the exhibit table, by removing and reserving exhibit numbers (6), (7), (11), (14) and (28), and by removing and reserving paragraphs (b)(6), (b)(7), (b)(11), (b)(14) and (b)(28).

§§ 229.801 and 229.802 [Amended]

11. By amending § 229.801 and § 229.802 by removing and reserving paragraph (a) in both sections, and by removing Industry Guide 1.

PART 230—GENERAL RULES AND REGULATIONS, SECURITIES ACT OF 1933

12. The authority citation for Part 230 continues to read in part as follows:

Authority: 15 U.S.C. 77b, 77f, 77g, 77h, 77j, 77s, 77sss, 78c, 78d, 78l, 78m, 78n, 78o, 78w, 78ll(d), 79t, 80a-8, 80a-29, 80a-30, and 80a-37, unless otherwise noted.

* * * * *

§ 230.148 [Removed and reserved]

13. By removing and reserving § 230.148.

14. By amending § 230.252 by revising paragraph (h)(2) to read as follows:

§ 230.252 Offering statement.

* * * * *

(h) Amendments.

(1) * * *

(2) An amendment to include a delaying notation pursuant to paragraph (g)(2) or to remove one pursuant to paragraph (g)(3) of this section after the initial filing of an offering statement may be made by telegram, letter or facsimile transmission. Each such

telegraphic amendment shall be confirmed in writing within a reasonable time by filing a signed copy. Such confirmation shall not be deemed an amendment.

§§ 230.300-230.346 [Removed and reserved]

15. By removing the undesignated center heading—Regulation B—and removing and reserving §§ 230.300 through 230.346 (Regulation B) (The undesignated center heading “Attention Electronic Filers” and the paragraph immediately following remain unchanged).

16. By amending § 230.402 by removing the word “manually” from the fourth sentence of paragraph (a), and from the fourth sentence of paragraph (c), and by revising paragraph (e) to read as follows:

§ 230.402 Number of copies; binding; signatures.

* * * * *

(e) *Signatures.* Where the Act or the rules thereunder, including paragraphs (a) and (c) of this section, require a document filed with or furnished to the Commission to be signed, such document shall be manually signed, or signed using either typed signatures or duplicated or facsimile versions of manual signatures. Where typed, duplicated or facsimile signatures are used, each signatory to the filing shall manually sign a signature page or other document authenticating, acknowledging or otherwise adopting his or her signature that appears in the filing. Such document shall be executed before or at the time the filing is made and shall be retained by the registrant for a period of five years. Upon request, the registrant shall furnish to the Commission or its staff a copy of any or all documents retained pursuant to this section.

17. By amending § 230.406 by revising the heading “Preliminary Note” to read “Preliminary Notes”, by designating the preliminary note as preliminary note 1, adding preliminary note 2, removing from paragraph (a) the words “or on Form F-4 (§ 239.34 of this chapter) complying with General Instruction F of that Form”, and removing paragraph (j) to read as follows:

§ 230.406 Confidential treatment of information filed with the Commission.

Preliminary Notes: (1) * * *

(2) All confidential treatment requests shall be submitted in paper format only, whether or not the filer is an electronic filer. See Rule 101(c)(1)(i) of Regulation S-T (§ 232.101(c)(1)(i) of this chapter).

* * * * *

§§ 230.445–230.447 [Removed and reserved]

18. By removing the undesignated center heading Competitive Bids and removing and reserving §§ 230.445 through 230.447.

§ 230.464 [Amended]

19. By amending § 230.464 by revising the heading to read "Effective date of post-effective amendments to registration statements filed on Form S-8 and on certain Forms S-3, S-4, F-2 and F-3." and by removing from the introductory text the words "or on Form F-4 (§ 239.34 of this chapter) that there is continued compliance with General Instruction F of that Form" and from paragraph (b) the words "or a Form F-4 registration statement complying with General Instruction F of that Form".

20. By amending § 230.471 by designating the text as paragraph (a) and adding paragraph (b) to read as follows:

§ 230.471 Signatures to amendments.

(a) * * *

(b) Where the Act or the rules thereunder require a document filed with or furnished to the Commission to be signed, such document shall be manually signed, or signed using either typed signatures or duplicated or facsimile versions of manual signatures. Where typed, duplicated or facsimile signatures are used, each signatory to the filing shall manually sign a signature page or other document authenticating, acknowledging or otherwise adopting his or her signature that appears in the filing. Such document shall be executed before or at the time the filing is made and shall be retained by the registrant for a period of five years. Upon request, the registrant shall furnish to the Commission or its staff a copy of any or all documents retained pursuant to this section.

21. By amending § 230.472 by revising the second sentence of paragraph (b) to read as follows:

§ 230.472 Filing of amendments; number of copies.

* * * * *

(b) * * * Each such copy of the amended prospectus shall be accompanied by a copy of the cross reference sheet required by Rule 481(a) (§ 230.481(a)), where applicable, if the amendment of the prospectus resulted in any change in the accuracy of the cross reference sheet previously filed.

* * * * *

* * * * *

22. By amending § 230.473 by revising the second sentence of paragraph (c) and by removing from paragraph (d) the words "or on Form F-4 (§ 239.34 of this

chapter) complying with General Instruction F of that Form" to read as follows:

§ 230.473 Delaying amendments.

* * * * *

(c) * * * Any such amendment filed after the filing of the registration statement, any amendment altering the proposed date of public sale of the securities being registered, or any amendment filed pursuant to paragraph (b) of this section may be made by telegram, letter or facsimile transmission. * * *

* * * * *

§ 230.494 [Removed and reserved]

23. By removing and reserving § 230.494.

24. By amending § 230.504 by revising paragraph (b)(1) to read as follows:

§ 230.504 Exemption for limited offerings and sales of securities not exceeding \$1,000,000.

* * * * *

(b) *Conditions to be met.* (1) To qualify for exemption under this § 230.504, offers and sales must satisfy the terms and conditions of §§ 230.501 and 230.502(a).

* * * * *

§§ 230.651–230.656 [Removed and reserved]

25. By removing the undesignated center heading and by removing and reserving §§ 230.651 through 230.656 (Regulation F).

§ 230.702 [Amended]

26. By removing § 230.702(T).

§ 230.703 [Amended]

27. By removing § 230.703(T).

§ 230.902 [Amended]

28. By amending § 230.902 at the end of paragraph (a)(1) before the word "and", add the words "the Helsinki Stock Exchange; the Alberta Stock Exchange; the Oslo Stock Exchange; the Mexico Stock Exchange; and the Istanbul Stock Exchange;".

PART 232—REGULATION S-T—GENERAL RULES AND REGULATIONS FOR ELECTRONIC FILINGS

29. The authority citation for Part 232 continues to read as follows:

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s(a), 77sss(a), 78c(b), 78l, 78m, 78n, 78o(d), 78w(a), 78ll, 79t(a), 80a-8, 80a-29, 80a-30 and 80a-37.

§ 232.311 [Amended]

30. By amending § 232.311 by removing paragraph (c) and

re-designating paragraphs (d) through (i) as paragraphs (c) through (h).

PART 239—FORMS PRESCRIBED UNDER THE SECURITIES ACT OF 1933

31. The authority citation for Part 239 continues to read in part as follows:

Authority: 15 U.S.C. 77f, 77f, 77h, 77j, 77s, 77sss, 78c, 78l, 78m, 78n, 78o(d), 78w(a), 78ll(d), 79e, 79f, 79g, 79j, 79l, 79m, 79n, 79q, 79t, 80a-8, 80a-29, 80a-30 and 80a-37, unless otherwise noted.

* * * * *

32. By amending Form F-6 (referenced in § 239.36) by removing Items 3(e) and 4(a) and by redesignating Item 3(f) as Item 3(e) and Items 4(b) and 4(c) as Items 4(a) and 4(b).

[Note: The text of Form F-6 does not, and the amendments thereto will not, appear in the Code of Federal Regulations.]

§ 239.37 [Amended]

33. By amending Form F-7 (referenced in § 239.37) in Part I, Item 3 by removing the words "Rule 24 of the Commission's Rules of Practice" from the second sentence and inserting "Item 10(d) of Regulation S-K" in its place.

[Note: The text of Form F-7 does not, and the amendments thereto will not, appear in the Code of Federal Regulations.]

§ 239.38 [Amended]

34. By amending Form F-8 (referenced in § 239.38) in Part I, Item 3 by removing the words "Rule 24 of the Commission's Rules of Practice" from the second sentence and inserting "Item 10(d) of Regulation S-K" in its place.

[Note: The text of Form F-8 does not, and the amendments thereto will not, appear in the Code of Federal Regulations.]

§ 239.39 [Amended]

35. By amending Form F-9 (referenced in § 239.39) in Part I, Item 3 by removing the words "Rule 24 of the Commission's Rules of Practice" from the second sentence and inserting "Item 10(d) of Regulation S-K" in its place.

[Note: The text of Form F-9 does not, and the amendments thereto will not, appear in the Code of Federal Regulations.]

§ 239.40 [Amended]

36. By amending Form F-10 (referenced in § 239.40) in Part I, Item 4 by removing the words "Rule 24 of the Commission's Rules of Practice" from the second sentence and inserting "Item 10(d) of Regulation S-K" in its place.

[Note: The text of Form F-10 does not, and the amendments thereto will not, appear in the Code of Federal Regulations.]

§ 239.41 [Amended]

37. By amending Form F-80 (referenced in § 239.41) in Part I, Item 3

by removing the words "Rule 24 of the Commission's Rules of Practice" from the second sentence and inserting "Item 10(d) of Regulation S-K" in its place.

[Note: The text of Form F-80 does not, and the amendments thereto will not, appear in the Code of Federal Regulations.]

§ 239.101 [Removed and reserved]

38. By removing and reserving § 239.101 and by removing Schedules A, B, C, D and Forms 1-G and 3-G referenced in that section.

§ 239.300 [Removed and reserved]

39. By removing and reserving § 239.300 and by removing Form 1-F.

§ 239.701 [Removed and reserved]

40. By removing and reserving § 239.701 and by removing Form 701.

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

41. 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, 78q, 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.

42. By amending § 240.12b-11 by removing the word "manually" from paragraph (b) and by revising paragraph (d) to read as follows:

§ 240.12b-11 Number of copies; signatures; binding.

* * * * *

(d) *Signatures.* Where the Act or the rules, forms, reports or schedules thereunder, including paragraph (b) of this section, require a document filed with or furnished to the Commission to be signed, such document shall be manually signed, or signed using either typed signatures or duplicated or facsimile versions of manual signatures. Where typed, duplicated or facsimile signatures are used, each signatory to the filing shall manually sign a signature page or other document authenticating, acknowledging or otherwise adopting his or her signature that appears in the filing. Such document shall be executed before or at the time the filing is made and shall be retained by the filer for a period of five years. Upon request, the filer shall furnish to the Commission or its staff a copy of any or all documents retained pursuant to this section.

43. By amending § 240.13a-13 by revising the section heading and paragraph (c) to read as follow:

§ 240.13a-13 Quarterly reports on Form 10-Q and Form 10-QSB (§ 249.308a and § 249.308b of this Chapter).

* * * * *

(c) Part I of the quarterly reports on Form 10-Q or Form 10-QSB need not be filed by mining companies not in the production stage but engaged primarily in the exploration for the development of mineral deposits other than oil, gas or coal, if all of the following conditions are met:

(1) The registrant has not been in production during the current fiscal year or the two years immediately prior thereto; except that being in production for an aggregate period of not more than eight months over the three-year period shall not be a violation of this condition.

(2) Receipts from the sale of mineral products or from the operations of mineral producing properties by the registrant and its subsidiaries combined have not exceeded \$500,000 in any of the most recent six years and have not aggregated more than \$1,500,000 in the most recent six fiscal years.

* * * * *

§ 240.13a-17 [Removed and reserved]

44. By removing and reserving § 240.13a-17.

45. By amending § 240.14d-1 by revising paragraph (d) to read as follows:

§ 240.14d-1 Scope of and definitions applicable to Regulations 14D and 14E.

* * * * *

(d) *Signatures.* Where the Act or the rules, forms, reports or schedules thereunder require a document filed with or furnished to the Commission to be signed, such document shall be manually signed, or signed using either typed signatures or duplicated or facsimile versions of manual signatures. Where typed, duplicated or facsimile signatures are used, each signatory to the filing shall manually sign a signature page or other document authenticating, acknowledging or otherwise adopting his or her signature that appears in the filing. Such document shall be executed before or at the time the filing is made and shall be retained by the filer for a period of five years. Upon request, the filer shall furnish to the Commission or its staff a copy of any or all documents retained pursuant to this section.

46. By amending § 240.15d-13 by revising the section heading and paragraph (c) to read as follow:

§ 240.15d-13 Quarterly reports on Form 10-Q and Form 10-QSB (§ 249.308a and § 249.308b of this Chapter).

* * * * *

(c) Part I of the quarterly reports on Form 10-Q or Form 10-QSB need not be filed by mining companies not in the production stage but engaged primarily in the exploration for the development of mineral deposits other than oil, gas or coal, if all of the following conditions are met:

(1) The registrant has not been in production during the current fiscal year or the two years immediately prior thereto; except that being in production for an aggregate period of not more than eight months over the three-year period shall not be a violation of this condition.

(2) Receipts from the sale of mineral products or from the operations of mineral producing properties by the registrant and its subsidiaries combined have not exceeded \$500,000 in any of the most recent six years and have not aggregated more than \$1,500,000 in the most recent six fiscal years.

* * * * *

§ 239.15d-17 [Removed and reserved]

47. By removing and reserving § 240.15d-17.

48. By amending § 240.16a-3 by revising paragraph (i) to read as follows:

§ 240.16a-3 Reporting transactions and holdings.

* * * * *

(i) *Signatures.* Where the Act or the rules, forms, reports or schedules thereunder require a document filed with or furnished to the Commission to be signed, such document shall be manually signed, or signed using either typed signatures or duplicated or facsimile versions of manual signatures. Where typed, duplicated or facsimile signatures are used, each signatory to the filing shall manually sign a signature page or other document authenticating, acknowledging or otherwise adopting his or her signature that appears in the filing. Such document shall be executed before or at the time the filing is made and shall be retained by the filer for a period of five years. Upon request, the filer shall furnish to the Commission or its staff a copy of any or all documents retained pursuant to this section.

§ 240.16b-1 [Amended]

49. By amending § 240.16b-1 by removing paragraph (c).

§ 240.16b-4 [Removed and reserved]

50. By removing and reserving § 240.16b-4.

51. By amending § 240.24b-2 by adding a preliminary note preceding the text of paragraph (a) and by removing paragraph (g), to read as follows:

§ 240.24b-2 Nondisclosure of information filed with the Commission and with any exchange.

Preliminary Note

Confidential treatment requests shall be submitted in paper format only, whether or not the filer is required to submit a filing in electronic format.

* * * * *

PART 249—FORMS, SECURITIES EXCHANGE ACT OF 1934

52. The authority citation for Part 249 continues to read in part as follows:

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

* * * * *

§ 249.310 [Amended]

53. By amending Form 10-K (referenced in § 249.310) by removing general instruction I. and redesignating general instruction J. as general instruction I.

[Note: The text of Form 10-K does not, and the amendments thereto will not, appear in the Code of Federal Regulations.]

§ 249.310c [Removed and reserved]

54. By removing and reserving § 249.310c and by removing Form 10-C.

Dated: March 5, 1996.

By the Commission.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-5607 Filed 3-8-96; 8:45 am]

BILLING CODE 8010-01-P