

Consistent with the transition provisions adopted today, current Rule 16b-3 and former Rules 16a-8(b), 16a-8(g) and 16b-3 will remain available for transactions effected prior to November 1, 1996.

Dated: May 31, 1996.

By the Commission.

Jonathan G. Katz,

Secretary.

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

[Release Nos. 33-7300 and 34-37262; S7-6-96]

RIN 3235-AG75

### Phase One Recommendations of Task Force on Disclosure Simplification

AGENCY: Securities and Exchange Commission.

ACTION: Final rules.

**SUMMARY:** In connection with its consideration of certain of the recommendations contained in the Task Force on Disclosure Simplification's Report ("Task Force Report"), the Securities and Exchange Commission ("Commission") is eliminating 44 rules and four forms that it has determined are no longer necessary or appropriate in the public interest or for the protection of investors. It also is adopting 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, will be forthcoming in future releases following the Commission's further consideration of the remaining Task Force recommendations.

**EFFECTIVE DATE:** The amendments will become effective July 15, 1996.

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

**SUPPLEMENTARY INFORMATION:** To begin implementing certain of the recommendations of the Task Force on Disclosure Simplification, the Commission today is eliminating Rules

3-16,<sup>1</sup> 4-05,<sup>2</sup> 4-06,<sup>3</sup> and 4-10(b) through (h)<sup>4</sup> of Regulation S-X,<sup>5</sup> Industry Guide 1,<sup>6</sup> Rule 148<sup>7</sup> under the Securities Act of 1933 ("Securities Act"),<sup>8</sup> Regulation B<sup>9</sup> (including Forms 1-G and 3-G and Schedules A, B, C and D thereunder<sup>10</sup>), Rules 445,<sup>11</sup> 446,<sup>12</sup> and 447<sup>13</sup> of Regulation C under the Securities Act,<sup>14</sup> Regulation F,<sup>15</sup> (including Form 1-F<sup>16</sup>), Securities Act Rules 702(T)<sup>17</sup> and 703(T),<sup>18</sup> Form 701,<sup>19</sup> Rule 13a-17<sup>20</sup> under the Securities Exchange Act of 1934 ("Exchange Act"),<sup>21</sup> Exchange Act Rules 15d-17,<sup>22</sup> 16b-1(c)<sup>23</sup> and 16b-4,<sup>24</sup> General Instruction I of Form 10-K,<sup>25</sup> and Form 10-C.<sup>26</sup> In addition, amendments are being adopted with respect to the following rules and forms: Item 501<sup>27</sup> of Regulation S-K,<sup>28</sup> Item 601(b)<sup>29</sup> of Regulations S-B<sup>30</sup> and S-K, Rule 252(h)(2)<sup>31</sup> of Regulation A,<sup>32</sup> Rules 402,<sup>33</sup> 406,<sup>34</sup> 464,<sup>35</sup> 471,<sup>36</sup> 472<sup>37</sup> and 473<sup>38</sup> of Regulation C, Rule 504<sup>39</sup> of Regulation D,<sup>40</sup> Rule 902<sup>41</sup> of Regulation S,<sup>42</sup> Rule 311<sup>43</sup> of Regulation S-T,<sup>44</sup> Form F-6,<sup>45</sup> Form F-7,<sup>46</sup> Form F-

8,<sup>47</sup> Form F-9,<sup>48</sup> Form F-10,<sup>49</sup> Form F-80,<sup>50</sup> and Exchange Act Rules 12b-11,<sup>51</sup> 13a-13,<sup>52</sup> 14d-1,<sup>53</sup> 15d-13,<sup>54</sup> 16a-3,<sup>55</sup> and 24b-2.<sup>56</sup>

### 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. 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.<sup>57</sup>

The Task Force recommended that the Commission eliminate or modify many rules and forms, as well as simplify several key aspects of securities offerings. At the time the report was authorized for publication, the Commission had the opportunity to consider a relatively small number of those recommendations. It determined to act on several of those recommendations to begin the simplification process, and issued a release ("Proposing Release")<sup>58</sup> proposing for public comment the elimination of 45 rules and 4 forms in conjunction with the publication of the Task Force Report. A number of other revisions, including minor and technical amendments, also were proposed. This was done with the view

<sup>47</sup> 17 CFR 239.38.

<sup>48</sup> 17 CFR 239.39.

<sup>49</sup> 17 CFR 239.40.

<sup>50</sup> 17 CFR 239.41.

<sup>51</sup> 17 CFR 240.12b-11.

<sup>52</sup> 17 CFR 240.13a-13.

<sup>53</sup> 17 CFR 240.14d-1.

<sup>54</sup> 17 CFR 240.15d-13.

<sup>55</sup> 17 CFR 240.16a-3.

<sup>56</sup> 17 CFR 240.24b-2.

<sup>57</sup> 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.

<sup>58</sup> Release No. 33-7271 (March 5, 1996) (61 FR 9848).

may rely on new Rule 16b-3 without triggering this conversion requirement.

<sup>1</sup> 17 CFR 210.3-16.

<sup>2</sup> 17 CFR 210.4-05.

<sup>3</sup> 17 CFR 210.4-06.

<sup>4</sup> 17 CFR 210.4-10 (a) through (h).

<sup>5</sup> 17 CFR Part 210.

<sup>6</sup> 17 CFR 229.801(a) and 229.802(a).

<sup>7</sup> 17 CFR 230.148.

<sup>8</sup> 15 U.S.C. 77a *et seq.*

<sup>9</sup> 17 CFR 230.300 through 230.346.

<sup>10</sup> Referenced in 17 CFR 239.101.

<sup>11</sup> 17 CFR 230.445.

<sup>12</sup> 17 CFR 230.446.

<sup>13</sup> 17 CFR 230.447.

<sup>14</sup> 17 CFR 230.400 through 230.494.

<sup>15</sup> 17 CFR 230.651 through 230.656.

<sup>16</sup> 17 CFR 239.300.

<sup>17</sup> 17 CFR 230.702(T).

<sup>18</sup> 17 CFR 230.703(T).

<sup>19</sup> 17 CFR 239.701.

<sup>20</sup> 17 CFR 240.13a-17.

<sup>21</sup> 15 U.S.C. 78a *et seq.*

<sup>22</sup> 17 CFR 240.15d-17.

<sup>23</sup> 17 CFR 240.16b-1.

<sup>24</sup> 17 CFR 240.16b-4.

<sup>25</sup> 17 CFR 249.310.

<sup>26</sup> 17 CFR 249.310c.

<sup>27</sup> 17 CFR 229.501.

<sup>28</sup> 17 CFR Part 229.

<sup>29</sup> 17 CFR 228.601(b) and 17 CFR 229.601(b).

<sup>30</sup> 17 CFR Part 228.

<sup>31</sup> 17 CFR 230.252(h)(2).

<sup>32</sup> 17 CFR 230.251 through 230.263.

<sup>33</sup> 17 CFR 230.402.

<sup>34</sup> 17 CFR 230.406.

<sup>35</sup> 17 CFR 230.464.

<sup>36</sup> 17 CFR 230.471.

<sup>37</sup> 17 CFR 230.472.

<sup>38</sup> 17 CFR 230.473.

<sup>39</sup> 17 CFR 230.504.

<sup>40</sup> 17 CFR 230.501 through 230.508.

<sup>41</sup> 17 CFR 230.902.

<sup>42</sup> 17 CFR 230.901 through 230.904.

<sup>43</sup> 17 CFR 232.311.

<sup>44</sup> 17 CFR Part 232.

<sup>45</sup> 17 CFR 239.36.

<sup>46</sup> 17 CFR 239.37.

that other proposals designed to improve the disclosure process, both for investors and those subject to the Commission's disclosure requirements, would be forthcoming in future releases following the Commission's further consideration of the Task Force recommendations.<sup>59</sup>

The Commission received nine comment letters responding to the Proposing Release. The letters generally expressed support for the proposed actions.<sup>60</sup> Based on the Commission's views articulated in the Proposing Release,<sup>61</sup> the comment letters received, and the Commission's further consideration of the proposals, the Commission has determined that the rules and forms proposed to be eliminated are no longer necessary or appropriate in the public interest or for the protection of investors; consequently, they are being eliminated as proposed, with three exceptions noted below. The other rule changes also are being adopted as proposed. By issuing these rule and form changes, the Commission is not expressing its views with respect to 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

The Commission has determined that Regulation B and its accompanying schedules and forms no longer are useful to investors and issuers and that 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,<sup>62</sup> have rendered Regulation B obsolete. Consequently, this regulation is being eliminated, as proposed.

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

Regulation F provided a conditional limited exemption from Securities Act

registration for assessments levied on assessable stock and for resales of forfeited assessable stock. The Commission has determined that Regulation F and accompanying schedules and forms no longer are useful to investors and issuers and that 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, have rendered Regulation F obsolete. In light of this, Regulation F is being eliminated, as proposed.

#### 3. Securities Act Rule 148

Rule 148, originally a counterpart to Rule 144, provided a safe harbor for the resales of certain categories of securities acquired in bankruptcy proceedings. The Commission has determined that Rule 148 no longer serves a useful purpose and that it is not necessary to retain it for securities issued under the repealed Bankruptcy Act. The Bankruptcy Code, which replaced the repealed Bankruptcy Act, provides an exemption from Securities Act registration, as well as a safe harbor for the resales of securities received under a plan of reorganization. Therefore, the rule is being eliminated, as proposed.

#### 4. Securities Act Rules 445, 446, and 447

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), appear to be rarely used. The Commission believes that these rules are no longer needed because issuers may use Rule 430A<sup>63</sup> to satisfy their filing obligations when they engage in competitive bidding currently covered by the rules being rescinded. Thus, these rules are being eliminated, as proposed.

#### 5. Securities Act Rule 494

The Commission proposed eliminating Rule 494, which accommodates the practice of advertising securities issued by foreign national governments. It appears that this rule continues to be useful to foreign governments in their capital-raising efforts; consequently, the rule is being retained without change.

### B. Exchange Act Rules

#### 1. Paragraph (c) of Exchange Act Rule 16b–1<sup>64</sup>

This rule exempted 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 transferred to the Surface Transportation Board, an independent agency of the Department of Transportation. The Commission believes that the exemption provided by this rule no longer serves a useful purpose and is therefore being eliminated.

#### 2. Exchange Act Rule 16b–4

Rule 16b–4 provided an exemption from the requirements of Section 16(b) for certain holding company redemption transactions. Currently, there are 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. If such a situation arose, equivalent relief would be available through other means, for example, Rule 16b–6.<sup>65</sup> Accordingly, Rule 16b–4 is being rescinded, as proposed.

### C. Disclosure Requirements

#### 1. Item 501(b) of Regulation S–K

Item 501(b) of Regulation S–K required registrants to 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 is not necessary because affected filings otherwise contain a reasonably detailed table of contents required by Regulation S–K Item 502(g).<sup>66</sup>

#### 2. Item 501(c)(8) of Regulation S–K<sup>67</sup>

The red ink requirement applicable to the prospectus caption "Subject to Completion" and related legend is being eliminated, thereby reducing issuer costs and conforming the requirements of Regulation S–K with the requirements of Regulation S–B.

<sup>59</sup> Pursuant to this policy, the Commission today has issued additional proposals to implement other Task Force recommendations. See Release No. 33–7301 (May 31, 1996).

<sup>60</sup> The comment letters are available for inspection and copying in the Commission's public reference room. Refer to file number S7–6–96. Comment letters that were submitted via electronic mail may be viewed at the Commission's web site: <http://www.sec.gov>.

<sup>61</sup> Additional background information relating to each of the rules, schedules and forms affected is found in the Proposing Release.

<sup>62</sup> 15 U.S.C. 77d(2).

<sup>63</sup> 17 CFR 230.430A.

<sup>64</sup> The Commission has adopted other amendments to its rules under Section 16 of the Exchange Act in Release No. 34–37260 (May 31, 1996).

<sup>65</sup> 17 CFR 240.16b–6.

<sup>66</sup> References to the cross reference sheet have deleted from Securities Act Rule 472.

<sup>67</sup> 17 CFR 229.501(c)(8).

### 3. Exhibits

The Commission is deleting the following from the required list of exhibits in Regulation S-K and Regulation S-B<sup>68</sup> because the information in each such exhibit either appears to be infrequently used or is otherwise available. The specific exhibits to be eliminated are: Opinion regarding discount on capital shares (Exhibit 6);<sup>69</sup> Opinion regarding liquidation preference (Exhibit 7); Material foreign patents (Exhibit 14); and Information from reports furnished to State insurance regulatory authorities (Exhibit 28).<sup>70</sup>

The Commission also had proposed to eliminate Exhibit 11 of Item 601(b) of Regulations S-K and S-B, "Statement Regarding Computation of Per Share Earnings," because the exhibit appeared to be infrequently used. While some commenters supported the elimination of this exhibit, others indicated that this information may be used by investors and analysts. Furthermore, the Financial Accounting Standards Board ("FASB") has issued a Proposed Statement of Financial Accounting Standards, "Earnings per Share and Disclosure of Information about Capital Structure."<sup>71</sup> In light of the comments received, and FASB's proposals to make changes in this area, the Commission has decided to postpone acting on its proposal to eliminate Exhibit 11, pending further consideration.

### 4. Industry Guide 1

Guide 1 required 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 were being registered and issued at a price below book value per share, Guide 1 required 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 is eliminating Guide 1 because the information requested by the Guide also is within the coverage of other rules of the Commission, including Items 101 and 303 of Regulation S-K.<sup>72</sup>

<sup>68</sup> Item 601(b) of Regulation S-B and Regulation S-K.

<sup>69</sup> This exhibit currently is not required in Regulation S-B; consequently, no change is necessary.

<sup>70</sup> 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) also has been eliminated.

<sup>71</sup> The comment period on FASB's Exposure Draft of the Proposed Statement expires on May 31, 1996.

<sup>72</sup> 17 CFR 229.101 and 229.303, respectively.

### D. Forms

#### 1. Form 701

The Commission is deleting expired Form 701 (Notice of sales pursuant to an exemption under Section 701<sup>73</sup>) 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. One commenter indicated that the Commission should reinstate Form 701 to allow it to more easily track who is relying on the Section 701 exemption. The Commission believes that investor interests have not been compromised as a result of the sunset of this form and that its reinstitution would serve little purpose. Consequently, the form and its implementing rules are being eliminated, as proposed.

#### 2. Form F-6

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

#### 3. Form 10-C

The Commission is eliminating Form 10-C and Rules 13a-17 and 15d-17, which required issuers registered under the Exchange Act and quoted on Nasdaq to report to the Commission and the NASD changes in corporate name, as well as aggregate increases or decreases of a class of securities that exceeds 5% of the amount of securities of the class outstanding. The information regarding changes in number of shares outstanding typically is reflected in an issuer's financial statements.

### III. Financial Disclosure

The Commission also is implementing 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. These changes are not intended to alter current accounting standards or disclosure practices. Most of the comment letters addressed the accounting issues raised in the proposals, generally supporting the changes.

#### 1. Rule 3-16 of Regulation S-X

Rule 3-16(a) of Regulation S-X set forth the requirement that a registrant

that has emerged from a significant reorganization disclose in its financial statements a brief explanation of such reorganization. In addition, if the registrant were about to emerge from a reorganization, Rule 3-16(b) of Regulation S-X would require 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.

The Commission is eliminating Rule 3-16 of Regulation S-X, as proposed, because the information requested by that Rule also is within the scope of Article 11 of Regulation S-X, and the disclosure requirements of the AICPA Statement of Position ("SOP") 90-7, Accounting Research Bulletin No. 43 ("ARB 43"), Section 210 of the Financial Reporting Codification and SAB 78.

#### 2. Rule 4-05 of Regulation S-X

The Commission is eliminating 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 require the same presentation and information.

#### 3. Rule 4-06 of Regulation S-X

Rule 4-06 of Regulation S-X, which provided that reacquired indebtedness of a registrant must be deducted from the appropriate liability caption on the registrant's balance sheet, is being eliminated. GAAP, including Accounting Principles Board Opinion ("APB") 26 and Statement of Financial Accounting Standards No. ("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.

#### 4. Rule 4-10 of Regulation S-X

The successful efforts method of accounting codified into Rule 4-10 is duplicative of the accounting standards adopted by the FASB in SFAS 19. Because of such duplication, the Commission is eliminating the portions of Rule 4-10 that duplicate SFAS 19—

<sup>73</sup> 17 CFR 230.701.

paragraph (b) through (h) of the Rule. In response to comments, the adopted language clarifies that entities following the successful efforts method shall continue to comply with the accounting and financial reporting disclosure requirements of SFAS 19.

#### IV. Miscellaneous Minor and Technical Changes

The Commission also is making the following technical changes to certain rules and forms under the Securities Act and the Exchange Act.

- Correct a number of out-of-date cross references in certain Securities Act rules and forms.<sup>74</sup>
- Allow the addition or withdrawal of a delaying notation under Regulation A<sup>75</sup> or the filing of a delaying or other amendment under Rule 473<sup>76</sup> 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.<sup>77</sup> This change clarifies the rules and also extends to paper filers the option of filing typed signature pages, thus providing comparable treatment to both paper and electronic filers.<sup>78</sup> The language retains the five-year manual signature retention requirement of Regulation S-T Rule 302(b).
- 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.<sup>79</sup>

<sup>74</sup> Amendments to Rule 406, 464 and 473 of Regulation C and Forms F-7, F-8, F-9, F-10 and F-80.

<sup>75</sup> Amendment to 17 CFR 230.252(h)(2).

<sup>76</sup> 17 CFR 230.473.

<sup>77</sup> Amendments to Rule 402 and 471 of Regulation C, and Exchange Act Rules 12b-11, 14d-1 and 16a-3.

<sup>78</sup> See Rule 302 of Regulation S-T (17 CFR 232.302).

<sup>79</sup> The Commission encourages issuers to use electronic media to satisfy their obligations under the Federal securities laws, and in fact requires most filings made with the Commission to be submitted electronically via the Electronic Data Gathering, Analysis, and Retrieval ("EDGAR") system. However, requests for confidential treatment currently are not processed through EDGAR, and therefore must be submitted in paper. Electronic submission of these documents may be permitted or required at a future date; Commission rules would be amended accordingly.

- Modify Rule 504 of Regulation D<sup>80</sup> 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.<sup>81</sup>

- Eliminate provisions exempting small life insurance companies from filing quarterly financial results and Management's Discussion and Analysis in Part I of Form 10-Q and Form 10-QSB.<sup>82</sup> The exemption for mutual life companies is not being eliminated as proposed because a number of companies that file with the Division of Investment Management continue to rely on the exemption.

- Eliminate a general instruction to Form 10-K<sup>83</sup> referring to filings on Form S-18, which was replaced by other small business forms in 1992.

#### V. Cost-Benefit Analysis

Commenters almost universally agreed that the foregoing rule changes were desirable and would reduce unnecessary duplication in the Commission's rules, schedules and forms, as well as duplication with other accounting requirements. Those with compliance obligations under the federal securities laws should benefit from the simplification and clarification of rules and by the elimination of rules and forms that are outdated or rarely used for other reasons. The Commission's view that there will be no anticipated detrimental effects to investors was supported by the comment as well. It is not believed, however, that the changes outlined herein will affect significantly the overall costs and burdens associated with filing requirements generally, because many of the changes are being made to eliminate superfluous and redundant requirements.

<sup>80</sup> Amendment to 17 CFR 230.504.

<sup>81</sup> Amendment to Rule 902 of Regulation S. Since the proposal of the amendment, the Irish Stock Exchange has become a designated offshore securities market; consequently, it has been added to the final rule.

<sup>82</sup> Amendment to Exchange Act Rules 13a-13 and 15d-13. The exemption for small life insurance companies expired by its terms on December 20, 1983.

<sup>83</sup> General Instruction I.

#### VI. Summary of Final Regulatory Flexibility Analysis

A final regulatory flexibility analysis has been prepared in accordance with 5 U.S.C. 604 concerning these amendments. As stated in the final analysis, no public commenter specifically addressed the issues outlined in the initial regulatory flexibility analysis. Most persons commenting generally on the proposals supported the changes. Where commenters expressed concerns about the proposed elimination of Exhibit 11, the Commission responded by deferring final action on that point. The analysis describes the types of entities that are denominated small entities under the Commission's rules and indicates that it is difficult to estimate the number of small entities that will be affected by the rule changes adopted in this release. The analysis also states that it is anticipated that most compliance obligations are expected to remain the same after the rules become effective. Where obligations are impacted, it is expected that the rule amendments will lessen regulatory burdens somewhat, both for small and large entities alike. Finally, the analysis explains that the Commission has attempted to help small entities, together with larger companies, by eliminating redundant rules and reducing compliance obligations. Exempting or otherwise treating small entities in a disparate manner would place them at a disadvantage. The analysis indicates that special consideration of small entities under other aspects of the federal securities laws will be undertaken in future rulemaking.

A copy of the final regulatory flexibility analysis may be obtained by contacting James R. Budge, Office of Disclosure Policy, Division of Corporation Finance, Mail Stop 3-7, 450 Fifth Street, NW., Washington, DC 20549.

#### VII. 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.*). The Commission solicited comment on the compliance burdens associated with the proposals, and received no public comment in response. As stated in the Proposing Release, it is anticipated that the changes that eliminate certain exhibits from Item 601(b) of Regulations

S-K and S-B<sup>84</sup> 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 past requirements.

With respect to the elimination of certain requirements within Form F-6,<sup>85</sup> 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 rule change will 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.

#### X. Statutory Basis for the Proposals

The foregoing amendments are being adopted 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.

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 Amendments

In accordance with the foregoing, Title 17, Chapter II of the Code of Federal Regulations is 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.

5. By amending § 210.4-10 by removing paragraphs (c) through (h) and redesignating paragraphs (i) and (j) as paragraphs (c) and (d), and by revising paragraph (b) following the undesignated heading to read as follows:

**§ 210.4-10 Financial accounting and reporting for oil and gas producing activities pursuant to the Federal securities laws and the Energy Policy and Conservation Act of 1975.**

\* \* \* \* \*

(b) A reporting entity that follows the successful efforts method shall comply with the accounting and financial reporting disclosure requirements of Statement of Financial Accounting Standards No. 19, as amended.

\* \* \* \* \*

### 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.

#### § 228.601 [Amended]

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

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 of 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), (14) and (28), and by removing and reserving paragraphs (b)(6), (b)(7), (b)(14) and (b)(28).

#### §§ 229.801, 229.802 [Amended]

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

### 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.

\* \* \* \* \*

#### § 240.148 [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

<sup>84</sup> The titles of the affected information collection requirements are “Regulation S-K” and “Regulation S-B.”

<sup>85</sup> This information collection is entitled “Form F-6,” OMB Control Number 3235-0292. The collection is in accordance with the clearance requirements of 44 U.S.C. 3507. The collection of information in Form F-6 is mandatory where the form is applicable. Information reported on Form F-6 is made available to the public. The form displays the OMB control number and expiration date; if this information is not displayed, the agency may not sponsor or conduct, or require a response to, the information collection.

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

**§§ 230.300 through 230.346 (Regulation B) [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).

\* \* \* \* \*

**Undesignated Center Heading and §§ 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. \* \* \*

\* \* \* \* \*

23. 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).

\* \* \* \* \*

**Undesignated center heading and §§ 230.651–230.656 (Reg. F) [Removed and reserved]**

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

**§ 230.702(T) [Removed]**

25. By removing § 230.702(T).

**§ 230.703(T) [Removed]**

26. By removing § 230.703(T).

**§ 230.902 [Amended]**

27. 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; the Istanbul Stock Exchange; and the Irish Stock Exchange”.

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

28. 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]**

29. By amending § 232.311 by removing paragraph (c) and redesignating paragraphs (d) through (i) as paragraphs (c) through (h).

**PART 239—FORMS PRESCRIBED UNDER THE SECURITIES ACT OF 1933**

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

Authority: 15 U.S.C. 77f, 77g, 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.

\* \* \* \* \*

31. 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.

32. 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.

33. 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.

34. 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.

35. 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.

36. 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]**

37. 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]**

38. By removing and reserving § 239.300 and by removing Form 1–F.

**§ 239.701 [Removed and reserved]**

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

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

40. 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.

\* \* \* \* \*

41. 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.

42. 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:

(1) Mutual life insurance companies; or

(2) 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:

(i) 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.

(ii) 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]**

43. By removing and reserving § 240.13a–17.

44. 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.

45. By amending § 240.15d–13 by revising the section heading and paragraph (c) to read as follows:

**§ 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:

(1) Mutual life insurance companies; or  
(2) 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:

(i) 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.

(ii) 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.

\* \* \* \* \*

**§ 240.15d-17 [Removed and reserved]**

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

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

**§ 240.16a-3 Reporting transactions and holdings.**

\* \* \* \* \*

(i) *Signatures.* Where Section 16 of the Act, or the rules or forms 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]**

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

**§ 240.16b-4 [Removed and reserved]**

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

50. 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**

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

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

\* \* \* \* \*

52. 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]**

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

By the Commission.

Dated: May 31, 1996.

Jonathan G. Katz,

*Secretary.*

[FR Doc. 96-14182 Filed 6-13-96; 8:45 am]

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