

Draft
11/27/67

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C.

SECURITIES ACT OF 1933
Release No.
SECURITIES EXCHANGE ACT OF 1934
Release No.

ANNOUNCEMENT OF DISCLOSURE STUDY

Chairman Manuel F. Cohen announced today the formation of a Study Group ^(within the Commission) to examine the operation of the disclosure provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934 and Commission rules and regulations thereunder.

Commissioner Francis M. Wheat will have overall supervision of the Study. Charles E. Shreve, Executive Assistant Director of the Division of Corporation Finance, will serve as ~~an~~ adviser to the Study. Richard M. Phillips, Assistant General Counsel, has been appointed staff director and Bernard Wexler, ~~Special~~ ^{Special} Counsel of the Division of Corporate Regulation, will serve as ~~Special~~ ^{Special} Counsel to the Study. Additional members of the Study will be drawn from the various operating divisions and offices of the Commission. ~~Organization~~
of the Study will be completed by the end of ~~December~~ ^{December}.

The Study will inquire into means for improving the administration and enforcement of the disclosure requirements of the two Acts and dissemination to the investing public of information material to investment decisions. The Study will also review the need for changes in the registration provisions and exemptions from registration of the Securities Act and the feasibility of further integrating the disclosures required by the Securities Act with those required by the Exchange Act.

Generally speaking, the Securities Act requires the disclosure, through registration with the Commission, of information material to investors in connection with public offerings of securities by issuers and their controlling persons. The Exchange Act requires continuing disclosures concerning companies subject to its provisions, through the medium of periodic reports, proxy statements and insider trading reports. The Securities Acts Amendments of 1964 extended the disclosure requirements of the Exchange Act, which had previously been applicable only to listed companies, to include all companies with total assets exceeding \$1 million and a class of securities held by at least 500 record holders.

The Commission has concluded that it is appropriate at this time to institute a comprehensive study into the efficacy of present disclosure requirements in the light of changing trends in corporate finance and in the pattern of public stock ownership and trading activity, as well as technological advances in the means for dissemination of information to the public.

The Study Group expects to work closely with the various segments of the securities industry and members of the ~~SEC~~ ^{Investment} and will welcome the cooperation and suggestions of all persons interested in or affected by the disclosure provisions of the federal securities laws.