



The Dallas Morning News

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SEC. & EXCH. COMM.

Manuel F. Cohen, Chairman
Securities and Exchange Commission
600 North Capitol Street
Washington, D.C. 20549

Dear Manny:

First of all, my sincere thanks for the time you gave me Monday. I'm hoping to have a story on our conversation ready for this coming Sunday's paper, and I'll be sending you a copy at the earliest time possible. I hope I'll succeed in representing your views correctly.

Secondly, I was downright excited about your idea of getting distribution of prospectus material to the press. I think this could be tremendously helpful, not only to us in our efforts to provide straight-forward information to the public but also in getting a broader distribution of prospectus material to investors generally. I think you've got a most promising idea here.

So, in accordance with your suggestion, I've settled right down to the task of drafting a memo on how such an idea might be implemented. I've come up with some suggestions in the enclosed memo, and I'd be interested in hearing how they strike you. I'm most hopeful of an early implementation of the press distribution idea. I'm sure it will help us all.

Sincerely,

Al Altwegg
Business Editor

P.S. I'm also working on a memo outlining some thoughts about how a wider distribution of prospectuses might be accomplished. I'll send it along to you when I have it in better shape and hope you might give the ideas some consideration.

MEMO

on distribution of prospectuses to the press
and how it could be done.

Upon consideration, it seems to me entirely possible for the Securities and Exchange Commission to require distribution of prospectuses covering issues of securities to U.S. financial press -- not only feasible but extremely desirable, as a means of moving one step further toward the goal of making the factual information in those prospectuses available to the investing public.

Furthermore, the requirement of press distribution would not be burdensome on the securities issuers and underwriters. Neither the job of such distribution nor its cost would be more than a minor thing in the framework of a securities issue, even one of the smallest. In fact, it would not be burdensome even if the present rule of recirculation were applied to it -- and I would like to address myself to the subject of recirculation separately.

It would seem to me that the SEC might very reasonably promulgate a requirement of press distribution of the preliminary, or "red herring", prospectuses on the following basis:

Minimum distribution -- The Dow-Jones News Service, Associated Press, United Press International, and any other generally recognized financial news services (like the new Reuters);

Plus the Wall Street Journal and the major daily newspapers of general circulation in New York City;

Plus all major general circulation daily newspapers in the state where the issuer of the security is headquartered (including specifically the newspapers in the city, even if it is small, where the corporate headquarters is located);

Plus all major newspapers in areas where the issuing company has substantial corporate operations.

Additional distribution -- it should be made entirely clear that the SEC favors distribution of prospectuses to the financial press and that any distribution to the press beyond the minimum would be looked upon favorably by the SEC. Additional distribution would presumably include more newspapers and such interested press as financially oriented magazines like Barron's and Forbes and also the publishers of financial news letters.

Memo on press distribution of prospectus material

The important result should be to require issuers of securities to distribute the prospectus material broadly to the press -- early and speedily, for its news interest -- but it should not require them to go to unreasonable or impractical lengths. In other words, there would be no need for a prospectus on the offering by a strictly Wisconsin issuer to go to newspapers in Texas, but a Dallas newspaper should obviously get the prospectus on an offering by an Austin or Waco, Texas company.

The governing consideration should not be whether a newspaper normally publishes financial news, either. Because I believe a lot of newspapers that do not carry financial news as a regular thing would frequently find stories in prospectuses of companies in their immediate areas. The ultimate goal is, obviously, more straight and factual information to more people.

Positively, it seems to me that press distribution of prospectuses would be in line with the spirit of federal securities regulation. In accordance with the spirit of the law and the SEC administrators, and affirmatively in the public interest.

What's more, press distribution of prospectus material could be initiated at any time, and no thoughts or possibilities of amending or otherwise changing the present prospectus system need delay the start of it.

So I urge the SEC to take whatever action is necessary to implement the requirement of distribution of securities prospectuses to the press as soon as possible -- the sooner the better.

Al Altwegg
Business Editor
The Dallas News