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SECURITIES AND EXCHANGE COMMISSION  
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STEPS ANNOUNCED TO REDUCE DELAYS IN PROCESSING OF  
REGISTRATION STATEMENTS

The Commission's staff will this week implement major changes designed to reduce delays in review and processing of the thousands of securities registration statements, periodic disclosure reports and other documents filed with the Commission each year, Chairman Harold M. Williams announced.

Beginning on Monday, November 17, he said, the procedures followed by the staff for the past eight years will be supplanted by a system of "selective review" which will allow concentration of increasingly-scarce manpower on the most high priority areas.

"Despite a number of significant initiatives by the Commission during the past several years to streamline corporate disclosure -- particularly the registration process -- the volume and complexity of filings with which we are dealing has continued to grow, while the personnel we have available to review them has actually declined," Chairman Williams explained. "The staff has exerted a tremendous effort to deal with this workload explosion. Nevertheless, we are now faced with a backlog of registration statements waiting to go effective that can work hardships on many companies. An important objective of the steps I am announcing is to reduce this backlog and try to provide corporate issuers of securities with the prompt review toward which the Commission has always striven."

During the past several years the Commission has adopted "short form" registration procedures for registration of debt securities, of issues of stock for use in certain business combination transactions, and of relatively small "first time" issues of stock. It has also increased the dollar amount of issues of securities which may be sold to the public without registration and has provided for regional office processing of small issues. But despite the widespread success enjoyed by these initiatives, the volume of filings processed by the Commission's headquarters staff has continued to increase, particularly as a result of increased numbers of new issues of securities during 1979 and 1980.

For example, there were 583 first-time 1933 Act registration statements filed during the year ended September 30, 1980, as compared to 480 filings for the preceding year, a 21% increase. Moreover, there was a 41% increase in the number of all 1933 Act registration statements, an 80% increase in post-effective amendments and a 44% increase in 1934 Act registration statements.

The recent figures are an exacerbation of historic trends. In 1962, there were 38,000 filings under the 1933 Act and the 1934 Act received in the Division of Corporation Finance. Because of increased financial activity, the figure rose to 555,000 in fiscal 1980, and is expected to increase again in 1981. The review staff has declined, however, during the same period from 142 to 100.

Chairman Williams pointed out that the S-16 "short form" available for registration of certain issues of securities by large, seasoned companies has enabled such companies to "go effective" with new issues within a week or so after they are first filed with the Commission. This kind of short turnaround is helpful in enabling issuers of debt securities to hit market "windows" during times of unstable interest rates.

However, the turn-around time for many types of issues of equity securities -- particularly those of companies entering the market for the first time -- has grown substantially. The goal of the Division of Corporation Finance is to provide companies with the staff's initial comments on basic registration filings within an average of 30 days. However, that period is now averaging 42 days and Edward F. Greene, Director of the Division, warned that, without the new procedures, it could approach 100 days for certain types of registrations during times of peak work loads in the first quarter of next year. Even with the changes, major delays could ensue if the number of new issues increases sharply, or if the number of personnel is further reduced.

Another factor influencing the Division to adopt new procedures relates to its program of integrating disclosure requirements under the 1933 and 1934 Acts. In this program, greater reliance is placed upon the periodic disclosures made under the 1934 Act, allowing streamlining and shortening of disclosure in registration statements under the 1933 Act. This is an important program, with benefits for many, including cost savings for registrants. However, it will be increasingly important to reallocate resources historically devoted principally to 1933 Act filings towards a review of 1934 Act periodic reports.

Under the new procedures adopted by the Division of Corporation Finance, all first time issuers will continue to receive a thorough review. However, repeat offerings by reporting companies will be reviewed on a selective basis.

As a result, certain registration statements will no longer be reviewed at all. Instead, they will become effective with the participants in the offering alerted to the fact that they are solely responsible for the accuracy of disclosures. Companies will be notified promptly after filing whether their registration statements will be reviewed. In addition, in many cases companies will no longer have to wait for staff comments before mailing proxy statements to shareholders. Such statements are filed with the Commission in preliminary form ten days before delivery to shareholders. If companies are not alerted within that period that the staff will have comments on the proxy statement, they will be free to mail copies.

Therefore, it will no longer be necessary to advise issuers or respond to issuer inquiries concerning the review status of a preliminary proxy statement or information statement, and the staff will discontinue the practice. Clerical assistants in the appropriate branch will be prepared, however, to answer inquiries as to the date of the receipt of such materials. The Division further advised that, except in cases of opposing solicitations, it no longer will exercise its delegated authority to grant requests for acceleration of the ten day filing period under Rule 14a-6(a) or Rule 14c-5(a).

For the reasons referred to above dealing with the Commission 's integration program, selective review and "audit mode" review procedures have been adopted with regard to periodic disclosure documents such as the 10-K annual report, in order to provide closer scrutiny of those filings most likely to be in need of review.

The Chairman called for understanding by the public. With resources diminishing and filings increasing, the staff is under increased pressure from the public to do what simply cannot be done. Registrants and their representative are requested to take these factors into account in dealing with the staff in the processing of filings.