

and Exchange Commission, Washington, D.C. (202-755-7485).

SUPPLEMENTARY INFORMATION: In the February 7 notice, the Commission requested comments on the proposed amendment and designated March 18, 1977 as the deadline for their submission. Interested parties, however, have requested additional time to comment on this matter. Therefore, the Commission has determined to extend until April 1, 1977 the deadline for the receipt of comments on the proposed deletion of paragraph (b)(3) from Section 240.12a-6.

By the Commission.

George A. Fitzsimmons
Secretary

March 18, 1977

SECURITIES EXCHANGE ACT OF 1934
Release No. 34-13396

[File No. 57-687 Comment Period Expires 6/1/77.]

REPORTING BY INSTITUTIONAL INVESTMENT MANAGERS OF INFORMATION WITH RESPECT TO ACCOUNTS OVER WHICH INVESTMENT DISCRETION IS EXERCISED

AGENCY: Securities and Exchange Commission.

ACTION: Proposed Rule and Form.

SUMMARY: The Commission is authorized to collect information about the securities portfolios of major institutional investors and managers. The proposed rule and form would require institutional investors which manage accounts having in the aggregate more than \$100,000,000 in stock exchange listed or NASDAQ quoted securities to report to the Commission on a quarterly basis such holdings, giving the aggregate market value of various types of securities broken out by type of account.

FOR FURTHER INFORMATION CONTACT: Paul Hagan, 202-755-0233.

DATES: Comments must be received on or before: June 1, 1977.

ADDRESSES: George A. Fitzsimmons, Secretary, Securities and Exchange Commission, Washington, D.C. 20549.

SUPPLEMENTARY INFORMATION:

Introduction

The Securities and Exchange Commission (the "Commission") today released for public comment proposed Securities Exchange Act Rule 13f-1 [17 CFR 240.13f-1] and related Form 13F [17 CFR 249.325], pursuant to Section 13(f) of the Securities Exchange Act of 1934 [15 U.S.C. 78a et seq. as amended by Pub. L. No. 94-29 (June 4, 1975) (the "Act")]. Proposed Rule 13f-1 and Form 13F generally require that large institutional investment managers report on a quarterly basis their holdings of certain equity securities, as well as their voting authority with respect to those securities and are designed as the first step in fulfilling the Commission's responsibilities under Section 13(f) [15 U.S.C. 78m(f)] of the Act which was enacted as part of the Securities Acts Amendments of 1975 (Pub. L. No. 94-29, June 4, 1975).

Background

In July 1968, the Congress directed the Commission to make a study and investigation of the purchase, sale, and holding of securities by institutional investors of all types, in order to determine the effect of those activities upon the maintenance of fair and orderly securities markets, the stability of those markets, and the interests of issuers of securities and of the public.¹ In its letter transmitting the Institutional Investor Study Report² to Congress in April 1971, the Commission cited "gaps in information about the purchase, sale and holdings of securities by major classes of institutional investors," and recommended that the Act be amended to provide the Commission with general authority to require, on a continuous basis, reports and disclosure of securities holdings and transactions from all types of institutional investors. Other calls for improved disclosure were made by the President's Commission on Financial Structure and Regulation (1971) and by the Senate Subcommittee on Securities in its 1973 *Securities Industry Study*.³

In 1975, as part of the Securities Act Amendments of 1975, Congress adopted Section 13(f) of the Act. The reporting system called for by Section 13(f) is designed to create in the Commission a central depository of historical and current data about the in-

¹The Study was conducted pursuant to Section 19(a) of the Act (Public Laws 90-438, 91-410).

²H.R. Doc. No. 64, 92nd Cong., 1st Sess. 1971

³Report of the Senate Subcommittee on Securities, Committee on Banking, Housing and Urban Affairs, 93rd Cong., 1st Sess. (Comm. Print 1973).

vestment activities of institutional investment managers, and thereby to advance asserted objectives. First, the reporting system would substantially improve the body of factual data available and thus facilitate consideration of the influence and impact of institutional investment managers on the securities markets and the public policy implications of that influence. Second, making the Commission responsible for all gathering, processing, and dissemination of the data would permit establishment of uniform reporting standards and a uniform centralized data base.⁴

Proposed Rule 13f-1

The proposed rule provides that institutional investment managers which exercise investment discretion over accounts holding in the aggregate at least \$100,000,000 of certain equity securities designated "Section 13(f) securities" must file a Form 13F on a quarterly basis to report certain information regarding those accounts. "Section 13(f) securities" are defined to include all classes of securities described in Section 13(d)(1) of the Act [15 U.S.C. 78m(d)(1)] that are listed on a national securities exchange or quoted on the automated quotation system of a registered association (e.g., the NASDAQ system) and that are contained in the most recent list of Section 13(f) securities published by the Commission.⁵

The rule also provides that an institutional investment manager shall be deemed to exercise investment discretion over an account not only when it has the power described in Section 3(a)(35) of the Act (which defines investment discretion) [15 USC 78c(a)(35)] but also where it is deemed to be the "Beneficial owner" of the securities in the account under Section 13(d) of the Act.⁶ This is an attempt to ease the burden on institutions in that they should have to make fewer distinctions in deciding which securities they are "beneficial owner" of for purposes of Section 13(d) and which they exercise investment discretion with respect to for purposes of Section 13(f). Of course, filing a report under Section 13(f) does not relieve institutions of any obligation they may have to file under Section 13(d). In addition, the proposed rule deems an institutional investment manager to exercise investment discretion over all accounts over which any person under its control exercises investment discretion.

Proposed Form 13F consists of a facing page and two schedules. Schedule A would require a statement in chart form of the aggregate fair market value of all types of securities including exempted securities, held by the accounts over which the manager exercises discretion, broken down by type of account. Schedule B would require information in chart form as to the number of shares, and fair market value, of each issue of Section 13(f) securities held by each type of account, as well as the institutional investment man-

ager's voting authority with respect to such securities. Information about holdings of less than 10,000 shares or \$200,000 would not have to be reported except in aggregate form on Schedule A.

Although Section 13(f) of the Act empowers the Commission to adopt rules which would require reporting of detailed information with respect to both holdings and transactions of institutional investment managers, the Commission is also obligated to take such steps as are within its power and consistent with the objectives set forth in Section 13(f), to avoid unnecessarily duplicative reporting and to minimize the compliance burden on institutional managers.⁷ In view of

⁴See, Report of the Senate Committee on Banking, Housing and Urban Affairs, (Senate Report No. 75, 94th Cong., 1st Sess. 85 (1975)).

⁵Pursuant to Section 13(f)(3) of the Act [15 U.S.C. 78m(f)(3)], the Commission will publish quarterly a list of those issues of equity securities of a class described in Section 13(d) of the Act to which the \$100,000,000 jurisdictional test under the proposed rule, and the reporting requirements of Schedule B of the proposed Form, will apply (the "Commission's list"). The proposed rule exempts from this list and the requirements of the rule all Section 13(d) securities which are not either listed on a national securities exchange or reported on the NASDAQ system. Investment managers would be able to rely on the Commission's list in determining the applicability of the reporting requirements. The Commission believes that narrowing the definition of securities covered by Section 13(f) in this way is consistent with the purposes of the statute and the protection of investors and that it is desirable at this time to avoid disproportionate expense in compiling and maintaining a list of Section 13(d)(1) securities.

⁶Rule 13d-3 defines beneficial owner for purposes of Section 13(d).

⁷See Section 13(f)(4) of the Act. The legislative history reflects a strong concern with coordinating reporting requirements and minimizing the burdens of compliance. The Act clearly establishes the Commission as the central collection and dissemination point for the data, and vests in the Commission the ultimate authority and responsibility for the institutional disclosure program partly in order to eliminate duplicate reporting and reduce the compliance burden. The impact and extent of the program is limited initially. It is, however, anticipated that, once the program is more fully implemented, the reports required by the Commission will be sufficiently detailed to meet the regulatory needs of the Comptroller of the Currency and other state and federal regulatory agencies.

these objectives, proposed Rule 13f-1 has been designed as only the first step in implementing a basic disclosure program. Thus, the proposed Rule would require reporting of only limited information with respect to holdings of certain equity securities.

investors as well as unforeseen complications. Thus, the Commission welcomes comments not only on the specific proposals set forth, but also on how the Commission can best implement Section 13(f). Specifically, the Commission seeks comment on the following areas:

In this regard, the Commission has attempted, within the limitations imposed by the statute, to structure the reporting requirements under Section 13(f) of the Act in a manner which would facilitate the maintenance by reporting managers of a single data base in which information required by various reports may be collected. Thus, banks filing the Trust Department Report Form with the federal banking agencies, or subject to the Comptroller of the Currency's reporting requirements set forth in Section 9.102 of Regulation 9 [12 CFR 9.102, 39 F.R. 28144], should be able to complete Form 13F using data maintained to satisfy those reporting requirements. The Commission's staff is also considering the content and format of its own Forms N-1R and N-1Q for registered investment companies, with a view toward coordinating those reports with Form 13F wherever possible. As noted below (question 5), the Commission invites comments from interested persons on ways to avoid duplication and minimize the compliance burden on institutional investment managers filing reports, consistent with effectuating the broad purposes of Section 13(f). In addition, during the public comment period and prior to adoption of a final rule and form, the Commission, as required by Section 13(f)(4), will consult with the appropriate state and federal authorities, national securities exchanges, and registered securities associations regarding these issues.

(1) Should the Commission collect additional information permitted under Section 13(f) of the Act, including the following:

(a) detailed information about equity securities not listed on an exchange or reported on NASDAQ and corporate debt securities (other than exempted securities);

(b) aggregate purchases and aggregate sales during the reporting period of either each security (other than an exempted security), or of each equity security included on the Commission's list, effected by or for such accounts;

(c) some or all of the information specified in Section 13(f)(1)(E) with respect to any transaction or series of transactions having a market value of at least \$500,000 (or some other amount) effected during the reporting period by or for such accounts in any equity security included on the Commission's list?

(2) Should holdings of Section 13(d) equity securities included on the Commission's list be reported by type of account, as currently provided in Schedule B, or in aggregate?

(3) Should institutional investment managers exercising investment discretion over accounts holding less than \$100 million of Section 13(d)(1) equity securities included on the Commission's list be required to file Form 13F? What would be an appropriate amount?

(4) Should reports be filed at less frequent intervals than quarterly?

(5) What further steps may the Commission take, consistent with the objective of achieving uniform centralized reporting, to avoid unnecessarily duplicative reporting by, and minimize the compliance burden, on institutional investment managers?

(6) Would it be consistent with the purposes of Section 13(f) of the Act for the Commission to exempt from the requirements of that section institutional investment managers exercising investment discretion outside the United States with respect to accounts held outside the United States?

(7) The Commission is considering a requirement that reports on Form 13F be filed in a machine processable form, such as computer cards. What particular costs (both initial and continuing) would be imposed, or

As proposed, the requirements of Rule 13f-1 would apply to institutional investment managers exercising investment discretion outside the United States with respect to accounts held outside the United States provided the other jurisdictional requirements of the Rule are fulfilled. However, the Conference Committee Report accompanying the legislation enacting Section 13(f) stated the Conferees' understanding that the Commission could exercise its exemptive power, under Section 13(f)(2) of the Act, to exempt such activities from the reporting requirements if such were determined to be consistent with the purposes of Section 13(f).

Implementation of Section 13(f)

The Commission has determined that, pursuant to Section 13(f) of the Act, it is appropriate in the public interest and for the protection of investors and maintenance of fair and orderly markets to propose Rule 13f-1 for public comment as the first step in implementing the reporting system envisioned by Section 13(f). The Commission also recognizes that such a reporting system may involve significant costs to institutional

benefits derived, from such a requirement?

(8) What method or methods of public dissemination would be most useful to investors, issuers, and other institutional investment managers?

(9) Section 13(f) requires the Commission to consult with, among others, federal and state authorities which, directly or indirectly, require reports from institutional investment managers of information substantially similar to that called for by Section 13(f). It would be helpful to the Commission if institutional investment managers commenting would indicate with which such agencies such reports are required to be filed.

Authorization

The Commission proposes Rule 13f-1 and Form 13F for comment pursuant to Section 13(f) of the Act.

All interested parties are invited to submit their views and comments, in triplicate, to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, Washington, D.C. 20549 on or before June 1, 1977. All such communications should refer to File No. S7-687 and will be available for public inspection and copying at the Commission's Public Reference Room, 1100 L Street, N.W. Washington, D.C. The text of the proposed rule and forms discussed herein is set forth below.

By the Commission.

George A. Fitzsimmons
Secretary

March 22, 1977

The text of proposed Rule 13f-1 [17 CFR 240.13f-1], which the Commission proposes to adopt pursuant to Section 13(f) of the Securities Exchange Act of 1934 [15 U.S.C. 78m(f)] is as follows:

§240.13f-1 Reporting by institutional investment managers of information with respect to accounts over which investment discretion is exercised.

(a) Every institutional investment manager which exercises investment discretion with respect to accounts holding Section 13(f) securities having an aggregate fair market value on the last trading day of any of the preceding twelve months of at least \$100,000,000 shall file a report on Form 13F [§249.325 of this chapter] with the Commission within 30 days after the last day of the calendar quarter.

(b) For the purposes of this section, an institutional investment manager exercises "investment discretion"

with respect to an account if, directly or indirectly, such manager (1) is authorized to determine what securities or other property shall be purchased or sold by or for the account; (2) makes decisions as to what securities or other property shall be purchased or sold by or for the account even though some other person may have responsibility for such investment decisions; or (3) is deemed to be the "beneficial owner" of securities held by the account pursuant to rules or regulations defining beneficial ownership for purposes of section 13(d) of the Act [15 U.S.C. 78m (d)]. An institutional investment manager shall also be deemed to exercise "investment discretion" with respect to all accounts over which any person under its control exercises investment discretion.

(c) For purposes of this section "Section 13(f) securities" shall mean equity securities of a class described in Section 13(d)(1) of the Act that are admitted to trading on a national securities exchange or quoted on the automated quotation system of a registered securities association. In determining what classes of securities are Section 13(f) securities, an institutional investment manager may rely on the most recent list of such securities published by the Commission pursuant to Section 13(f)(3) of the Act [15 U.S.C. 78m(f)(3)]. Only classes of securities on such list need be counted in determining whether an institutional investment manager must file a report under this section [§240.13f-1(a)] and need to be reported on Schedule B. Where a person controls the issuer of a class of equity securities described in Section 13(d)(1) of the Act, that security shall be deemed not to be a "Section 13(f) security" with respect to the controlling person.

§249.325 Form 13F, report of institutional investment manager pursuant to Section 13(f) of the Securities Exchange Act of 1934 [15 U.S.C. 78m(f)] and Rule 13f-1 thereunder [§240.13f-1 of this chapter].

This form shall be used by institutional investment managers which are required to furnish reports pursuant to Section 13(f) of the Securities Exchange Act of 1934 [15 U.S.C. 78m(f)] and Rule 13f-1 thereunder [§240.13f-1 of this chapter].

FORM 13F

FOR REPORTS OF INSTITUTIONAL INVESTMENT MANAGERS PURSUANT TO SECTION 13(f) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 13f-1 THEREUNDER.

General Instructions

A. Rule as to Use of Form 13F. Form 13F shall be used for reports of institutional investment managers required to be filed by Section 13(f) of the Securities

Exchange Act of 1934 [15 U.S.C. 78m(f)] and Rule 13f-1 [17 CFR 240.13f-1] thereunder.

of every report filed with the Commission pursuant to this subsection.

B. Rules to Prevent Duplicative Reporting. As set forth in Rule 13f-1, an institutional investment manager is deemed to exercise investment discretion with respect to all accounts with respect to which it or any person under its control exercises investment discretion. Where two or more institutional investment managers, each of which is required by Rule 13f-1 to file a report on Form 13F for the reporting period, are deemed to exercise investment discretion with respect to the same account or accounts, only one such manager shall include information regarding such account or accounts in its reports on Form 13F, naming any other institutional investment manager on whose behalf the filing is made.

D. Confidentiality. Pursuant to Section 13(f)(3) of the Act [15 U.S.C. 78m(f)(3)], the Commission shall not disclose to the public information identifying the securities held by the account of a natural person or an estate or trust (other than a business trust or investment company). Therefore, an institutional investment manager filing a report on Form 13F which includes such information shall submit a separate statement clearly identifying that information with reference to the appropriate Schedule, Line, Item and name of issuer, title, class and CUSIP number.

C. Filing of Form 13F. Five copies of Form 13F shall be filed with the Commission within 30 days after the end of each calendar quarter. As required by Section 13(f)(4) of the Act an institutional investment manager which is a bank, the deposits of which are insured in accordance with the Federal Deposit Insurance Act, shall file with the appropriate regulatory agency a copy

In addition, the Commission, may, as it determines necessary or appropriate in the public interest, delay or prevent public disclosure of any information filed under Section 13(f) of the Act, in accordance with Section 552 of Title 5, United States Code [5 U.S.C. 552]. Requests for delay or prevention of public disclosure should identify clearly the information for which the request is made, as well as the provision(s) of Section 552 of Title 5, United States Code, upon which the request is based.

INFORMATION REQUIRED OF INSTITUTIONAL INVESTMENT MANAGERS PURSUANT TO SECTION 13(f) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULES THEREUNDER

Securities and Exchange Commission
Washington, D.C. 20549

FORM
13F

Report for the Calendar Quarter Ended _____ 19 _____

(Please read instructions before preparing form)

Name of Institutional Investment Manager: (Exact Name of Person or Firm)

Name and Title of Sole Proprietor, General Partner or Principal Officer:

ATTENTION — Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See U.S.C. 1001 and 15 U.S.C. 78ff(a).

The institutional investment manager submitting this Form and its attachments and the person by whom it is signed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Pursuant to the requirements of Securities Exchange Act of 1934, the undersigned institutional investment manager has caused this report to be signed on its behalf in the City of _____ and State of _____ on the _____ day of _____, 19 _____.

(Name of Institutional Investment Manager)

(Manual Signature of Sole Proprietor, General Partner or Principal Officer)

Names of ALL Institutional Investment Managers on whose behalf these schedules are filed:

SCHEDULE A: AGGREGATE FAIR MARKET VALUE OF SECURITIES HELD BY ACCOUNTS OVER WHICH INVESTMENT DISCRETION IS EXERCISED.

NAME AND FILE NUMBER OF INSTITUTIONAL INVESTMENT MANAGER: _____

	Item 1	Item 2	Item 3	Item 4	Item 5	Item 6	Item 7	Item 8
	Employee Benefit Funds	Personal Trusts and Estates	Agency Accounts	Registered Investment Companies	Insurance Company General Account	Insurance Company Separate Accounts	Other Accounts	All Accounts (Total Items 1-7)
1. Registered Investment Company Shares								
2. Common Stocks								
3. Preferred Stocks								
4. Convertible Debt Securities								
5. Other Equity Securities								
6. Municipal Securities								
7. U.S. Government or Government-Guaranteed Securities								
8. Other Exempted Securities								
9. Other Securities								
10. All Securities (Total Lines 1-8)								
11. Approximate Number Of Accounts								

INSTRUCTIONS:

Aggregate fair market value or principal amount and each specified type of security should be set forth for each type of account. In calculating aggregate fair market value, use the value on the last business day of the reporting period.

