

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



brief summary of financial proposals filed with and actions by the S.E.C.

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FOR RELEASE June 2, 1964

**SEC ADOPTS FLOOR TRADING RULE.** The SEC today announced the adoption of a new Rule 11a-1 under the Securities Exchange Act of 1934 with respect to "floor trading" on national securities exchanges, effective August 3, 1964; and it also declared effective on the same date the New York Stock Exchange plan for the regulation of floor trading on that Exchange.

Floor trading is trading by members of national securities exchanges for their own account while personally present on the floor of the exchange. The rule provides, with certain exceptions that no member of a national securities exchange, while on the floor of such exchange, may initiate any transaction in any security admitted to trading on the exchange, for an account in which such member has an interest. The rule defines "floor trading" broadly to include not only transactions initiated on the actual trading floor but also transactions initiated by members from other premises made available for the use of members generally. The prohibition also extends to orders initiated off the floor for an account in which a member has an interest if the member exercises discretion on the floor in the execution of an order for such an account. The rule provides an exemption for registered specialists and odd-lot dealers, stabilizing activities pursuant to Rule 10b-7 under the Exchange Act, bona fide arbitrage, transactions approved for the purpose of maintaining a fair and orderly market and transactions made to offset errors. Finally, the rule permits floor trading transactions effected in conformity with a plan adopted by an exchange and approved by the Commission, which is designed to eliminate floor trading activities not beneficial to the market.

Under the Exchange plan, a new category known as the "registered trader" is to be established, and each member registered as a trader is required to meet by January 1, 1965, an initial minimum capital requirement of \$250,000, over and above the capital required for the member's other activities. In order to engage in floor trading under said plan, members are required to show a familiarity with the requirements applicable to registered traders through an appropriate examination; and registered traders are prohibited from executing brokerage orders and floor trading in the same security during a single trading session. A series of rules also have been formulated by the Exchange which are designed (among other things) to compel registered traders to engage in transactions to contribute to orderliness of markets and to prohibit them from engaging in transactions which have disruptive market effects.

Experience has demonstrated, the Commission observed, that floor trading has frequently interfered with the orderly execution of public brokerage orders by delaying consummation of a public transaction or causing it to be executed at a different price than it otherwise would, to the detriment of one or the other of the public customers involved. Furthermore, to the extent that floor traders engage in transactions which tend to cause market instability, they make it more difficult for specialists to perform their functions. Floor trading may also distract brokers, as well as specialists, from the performance of their responsibilities. It also often involves special advantages to exchange members engaging in that activity without any corresponding benefit to investors. Rule 11a-1 and the plan of the New York Stock Exchange are designed to eliminate these aspects of floor trading.

It is anticipated, the Commission also noted, that the American Stock Exchange will file a plan for regulation of floor trading on that Exchange prior to August 3, 1963, and that other exchanges will request exemption from the rule under Section 11(c) of the Securities Exchange Act. (Release 34-7330)

**EAGLE-PICHER FILES FOR SECONDARY.** The Eagle-Picher Company, American Bldg., Cincinnati, filed a registration statement (File 2-22465) with the SEC on May 28 seeking registration of 109,602 shares of \$1.40 convertible Series A preference stock. The present holders thereof may offer such shares from time to time in the over-the-counter market at prices current at the time of sale (\$35 per share maximum\*).

The company manufactures a wide variety of industrial products which it sells to other manufacturers in many of the country's industries. It is proposing a merger with The Akron Standard Mold Company, an Ohio corporation which manufactures tire molds, tire drums, rubber processing machinery and related equipment. Under the merger proposal, all the outstanding stock of Akron Standard will be converted into 250,000 shares of \$1.40 Convertible Series A Preference Stock of Eagle-Picher; and of this preference stock 109,602 shares, to be received by officers and/or principal shareholders of Akron Standard, are the subject of this offering. In addition to indebtedness, the company has outstanding 2,022,760 shares of common stock, of which management officials as a group own 10.7%. T. Spencer Shore is listed as company president. The prospectus lists 13 selling stockholders, including Mrs. Grace O'Neil, offering 37,250 shares; Walter P. Voth (to become vice president of the company), 23,720 shares; Allan F. Ayres, Jr., 11,563 shares; and Mrs. Mary A. Hower, 11,562 shares. The remaining stock to be offered ranges in amounts from 57 to 8,670 shares.

**PERLOFF BROS. PROPOSES OFFERING.** Perloff Brothers, Inc., Whitaker Ave. and Cayuga St., Philadelphia, filed a registration statement (File 2-22468) with the SEC on May 28 seeking registration of 100,000 shares of common stock. The stock is to be offered for public sale through an underwriting group headed by Stroud & Co., Inc., 123 S. Broad St., Philadelphia. The public offering price (\$11 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is engaged in the wholesale distribution of food and non-food products to retail grocers and institutions in Eastern Pennsylvania and in parts of four other eastern states. Of the net proceeds from the stock sale, \$300,000 will be used to retire all of the company's outstanding 7% debentures, due

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1981, and the balance will be added to general funds and used for working capital or future expansion. The company is a wholly owned subsidiary of P. B. Realty Company, Inc., which, in turn, is controlled by Earl Perloff (the company's president) and by other members of the Perloff family. Upon completion of this offering, Realty Company will hold stock representing 75% of the total voting power in the company.

**TRANS WORLD AIRLINES FILES STOCK PLAN.** Trans World Airlines, Inc., 605 Third Ave., New York, filed a registration statement (File 2-22469) with the SEC on May 28 seeking registration of 397,780 shares of common stock, to be offered under its Incentive Stock Option Plan as amended April 23, 1964.

**CHRYSLER FILES EXCHANGE PLAN.** Chrysler Corporation, 341 Massachusetts Ave., Highland Park, Mich., filed a registration statement (File 2-22464) with the SEC on May 28 seeking registration of \$164,337,050 of 4-3/8% convertible subordinated debentures (due 1985), to be issued by Chrysler as part of the consideration for its purchase of Mack Trucks, Inc. The debentures are to be offered initially at the rate of \$50 of debentures for each share of Mack common outstanding at the closing of the purchase, and are also to be issued by Chrysler from time to time thereafter upon the exercise of presently outstanding warrants for the purchase of Mack common at the rate of \$50 of debentures for each share of Mack common that would have been issuable if the Mack warrants had been exercised prior to the closing. Also included in the statement are (1) \$20,000,000 of Chrysler 5-1/8% subordinated debentures due 1981, consisting of presently outstanding debentures of Mack, to be modified in certain respects and assumed by Chrysler at the said closing; and (2) 33,000 shares of Chrysler common, issuable upon the exercise subsequent to the closing of employee stock options hereto granted by Mack which are to be assumed by Chrysler. According to the prospectus, certain stockholders of Mack may offer for public sale from time to time the Chrysler debentures or the Chrysler common shares into which the debentures may be converted.

Chrysler is engaged primarily in the manufacture, assembly and sale in the United States of Plymouth, Dodge, Chrysler and Imperial passenger cars, Dodge trucks, and related automotive parts and accessories, and in the sale of Simca passenger cars. Upon the acquisition of Mack Trucks, it will also engage in the manufacture and sale of extra-heavy trucks (including truck tractors). In addition to indebtedness, the company has outstanding 37,256,690 shares of common stock, of which management officials as a group own 389,800 shares. George H. Love is listed as board chairman and Lynn A. Townsend as president.

**GULF STATES LAND FILES FOR SECONDARY.** Gulf States Land & Industries, Inc., 420 Lexington Ave., New York, filed a registration statement (File 2-22471) with the SEC on May 28 seeking registration of 410,583 outstanding shares of common stock. The present holders thereof propose to make a public offering of the shares from time to time through the Midwest Stock Exchange or the American Stock Exchange at prices current at the time of the sale (\$11 per share maximum\*).

The company is engaged primarily in oil and gas operations, metallurgical and industrial development, and real estate investments. During the five years ended December 31, 1963, the company had an aggregate operating loss of \$1,441,561 and as of December 31, 1961, 1962 and 1963, it had an accumulated earnings deficit of \$759,494, \$1,098,419 and \$1,979,951, respectively. In addition to indebtedness and preferred stock, the company has outstanding 2,570,833 shares of common stock, of which management officials as a group own 4.2% and Webb & Knapp, Inc., owns 72.1%.

According to the prospectus, the 410,583 shares have been pledged by Webb & Knapp as security for certain obligations; and under the loan agreement Webb & Knapp undertook to cause Gulf States to register the shares under the Securities Act in order to permit the sale of such shares from time to time and in such amounts as may be necessary in connection with the satisfaction of certain obligations of Webb & Knapp to the pledgees which are, or may in the future become, due and payable. The proceeds from the proposed sales would be applied, first, to the payment of the obligations. The excess, if any, of the net proceeds over the obligations being satisfied are to be paid over to Webb & Knapp. The pledgees and the amount of shares pledged are as follows: Chemical Bank New York Trust Company, 84,700 shares; National Bankers Life Insurance Company, 16,000 shares; The Value Line Income Fund, Inc., up to 300,000 shares; and Cole, Fischer & Rogow, Inc., 9,883 shares. Sale of the pledged shares would reduce Webb & Knapp's holdings in the company by the number of shares sold. William Zeckendorf is listed as board chairman of the company and of Webb & Knapp. C. Leslie Rice is president. Three of the six members of the executive committee are also officers of Webb & Knapp.

**BALTIMORE GAS PROPOSES BOND OFFERING.** Baltimore Gas and Electric Company, Lexington and Liberty Streets, Baltimore, filed a registration statement (File 2-22473) with the SEC on June 1 seeking registration of \$30,000,000 of first refunding mortgage sinking fund bonds (due 1994), to be offered for public sale at competitive bidding. The company is engaged primarily in the business of producing, purchasing and selling electricity, and purchasing and selling natural gas within the State of Maryland. It is also engaged in the sale of gas and electric appliances and the production and sale of steam. Net proceeds from its bond sale will be used for general corporate purposes, including proposed construction expenditures (estimated at \$260,000,000 through 1968), and to repay short-term bank loans of approximately \$5,000,000.

**DOUGLAS AIRCRAFT FILES STOCK PLAN.** Douglas Aircraft Company, Inc., 3000 Ocean Park Blvd., Santa Monica, Calif., filed a registration statement (File 2-22474) with the SEC on June 1 seeking registration of 218,777 shares of common stock, to be offered under its 1959 Restricted Stock Option Plan.

**RECENT FORM 8-K FILINGS.** The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified. The captions of the items are as follows:

- Item 1. Changes in Control of Registrant.
- Item 2. Acquisition or Disposition of Assets.
- Item 3. Legal Proceedings.
- Item 4. Changes in Securities.
- Item 5. Changes in Security for Registered Securities.
- Item 6. Defaults upon Senior Securities.
- Item 7. Increase in Amount of Securities Outstanding.
- Item 8. Decrease in Amount of Securities Outstanding.
- Item 9. Options to Purchase Securities.
- Item 10. Revaluation of Assets or Restatement of Capital Share Account.
- Item 11. \*Submission of Matters to a Vote of Security Holders.
- Item 12. Other Materially Important Events.
- Item 13. \*Financial Statements and Exhibits.

\*Filings covering these items only will not necessarily be announced in the News Digest

Copies of the reports may be ordered from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with photocopy material when mailed.

Bloch Bros. Tobacco Co April 1964  
( 11,12)  
Cincinnati Union Terminal Co  
April 1964 ( 11)  
Monsanto Co April 1964 ( 12)  
Arizona Public Service Co April 1964  
( 11,13)  
Bestwall Gypsum Co April 1964 ( 11)  
Conductron Corp Mar. 1964 ( 2,7,13)  
Sun Oil Co April 1964 ( 11,13)  
A.P. Green Fire Brick Co April 1964  
( 11)  
Hanover Shoe Inc April 1964 ( 11)  
Transue & Williams Steel Forging Corp  
Feb. 1964 ( 3)  
Brown-McLaren Mfg Co April 1964 ( 11)  
Roblin-Seaway Industries Inc Mar. 1964  
( 3)

Fairbanks Morse & Co April 1964  
( 11)  
National Work Clothes Rental  
April 1964 ( 11)  
The Dayton Power & Light Co April  
1964 ( 12)  
Bridgeport Hydraulic Co April 1964  
( 11)  
Cincinnati Milling Machine Co  
April 1964 ( 11)  
General Signal Corp April 1964  
( 11,13)  
Lincoln Printing Co Amend #1  
to 8K for Dec. 1963  
Container Corp of America April 1964  
( 11)

**NAMOCO MORTGAGE ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-3985) approving a depositary agreement between Namoco Mortgage Company, Inc., Wichita, Kansas, and the Union National Bank of Wichita, whereby Namoco undertakes to deposit and maintain with the bank qualified investments and reserves as required by Section 28 of the Act with respect to installment-type certificates.

**SHARES IN AMERICAN INDUSTRY ORDER.** The SEC has issued an exemption order under the Investment Company Act (Release IC-3984) permitting Shares in American Industry, Inc., Washington, D. C., to purchase stock of Communications Satellite Corp. ("Comsat"). The company proposes to purchase 1400 shares of capital stock of the 5,000,000 to be offered for public sale by Comsat. Of this stock, up to 200 shares will be purchased from two affiliated members of the underwriting group, Auchincloss, Parker and Redpath, and Folger, Nolan, Fleming & Co. Two of the directors of the company are also partners in the said underwriting firms.

**SECURITIES ACT REGISTRATIONS.** Effective June 1: Hugoton Production Co. (File 2-22352); Louisiana Power & Light Co. (File 2-22340); Panhandle Eastern Pipe Line Co. (File 2-22351).  
Effective June 2: Communications Satellite Corp. (File 2-22400); Vesely Co. (File 2-22397).

\*As estimated for purposes of computing the registration fee.

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