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## RULES AND RELATED MATTERS

## U.S. SECURITIES AND EXCHANGE COMMISSION

### ADOPTION OF AMENDMENTS AND INTERPRETATIONS TO RULE 15c3-1 PERTAINING TO THE TREATMENT OF TRANSACTION BY MARKET MAKERS IN LISTED OPTIONS

The Commission adopted amendments and interpretations to Rule 15c3-1, the uniform net capital rule. The amendments and interpretations become effective on November 7, 1976, and are primarily designed to enable net capital computations to reflect more directly the risks incurred by brokers and dealers who guarantee, endorse or clear transactions in listed options for specialists who act as market makers in such options. The amendments and interpretations are those proposed in Securities Exchange Act Release No. 12148 (February 26, 1976), revised in response to suggestions received from the public.

The amendments contemplate modifications to Rule 15c3-1(c)(2)(x) stemming from three district considerations. First, the Commission believes that the capital sufficiency standard established by Rule 15c3-1(c)(2)(x) will more appropriately reflect the credit and market risks assumed by brokers and dealers who carry, guarantee and clear numerous market maker accounts on a combined basis if deficit and equity conditions existing in the individual accounts constituting the combined account are not cross-netted at the clearing firm level. Accordingly, Rule 15c3-1(c)(2)(x) makes it clear that cross-netting is not to be employed for purposes of this provision. Second, Rule 15c3-1(c)(2)(x) modifies the treatment of positions meeting the provision's definitions of bona fide spread and hedged positions. Finally, Rule 15c3-1(c)(2)(x) incorporates the principles of day-to-day control and early warning embodied in the present Rule 15c3-1(a)(6). By interpretation, the Commission clarified that the broker or dealer guaranteeing, endorsing or carrying an option specialist's market maker account for which lesser adjustments to net worth have been approved pursuant to Rule 15c3-1(c)(2)(x)(H) must adjust his capital in a manner conforming to the treatment of specialist or market maker accounts for which lesser equity requirements are approved pursuant to Rule 15c3-1(a)(6)(iii)(E) (redesignated today as Rule 15c3-1(a)(6)(iii)(B)).

Amendments to Rule 15c3-1(a)(6) incorporate by reference, where appropriate, relevant provisions of Rule 15c3-1(c)(2)(x).

In related action, the Commission withdrew an interpretation of Rule 15c3-1(c)(1), the rule's definition of "aggregate indebtedness," proposed in Release No. 12148, and also withdrew proposed amendments to Rule 15c3-1(c)(13), the rule's definition of "equity," proposed in Securities Exchange Act Release No. 11969 (January 2, 1976). (Rel. 34-12766 and 34-12767)

## COMMISSION ANNOUNCEMENTS

### PUBLICATION OF STAFF ACCOUNTING BULLETIN NO. 11

The Division of Corporation Finance and the Office of the Chief Accountant today announced the publication of Staff Accounting Bulletin No. 11. The statements in the Bulletin are not rules or interpretations of the Commission nor are they published as bearing the Commission's official approval; they represent interpretations and practices followed by the Division and the Chief Accountant in administering the disclosure requirements of the securities laws.

Staff Accounting Bulletin No. 11 provides interpretations of Accounting Series Release No. 190 [41 FR 13596]. This release (the adoption of Rule 3-17 of Regulation S-X [17 CFR 210.3-17]) requires the disclosure of replacement cost data by certain registrants effective for years ending on or after December 25, 1976. (SAB-11)

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## COURT ENFORCEMENT ACTIONS

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### COMMISSION NAMES CENCO INCORPORATED

The Chicago Regional Office announced that on September 1 the Commission filed a complaint in Federal District Court in Chicago (Northern District of Illinois), against Cenco Incorporated and certain former officers and employees and others. The complaint is against Cenco Incorporated (Cenco); Ralph Clarence Read (Read), former president, chief executive officer and a director of Cenco; Bernard Alvin Magdovitz (Magdovitz), former treasurer, financial vice president and executive vice president of Cenco; and Howard L. Swiger, former vice president of Cenco; seeking an injunction against further direct and indirect violations of the antifraud, issuer reporting and proxy provisions of the securities laws and against Russell C. Rabjohns, Jr. (Rabjohns); Robert A. Smith; Elliot S. Kahn (Kahn); Harvey L. Orner (Orner); Erwin L. Berman (Berman); and Reuben A. Katz, Esq.; seeking an injunction from further direct and indirect violations of the antifraud and issuer reporting provisions of the Securities Exchange Act of 1934; and against Jack C. Coulson (Coulson); Brendan Casey (Casey); Anthony Urso; Arthur Auman, Rose Packaging Corp.; David Marose (Marose); Frederick W. Schmauss; and Charles Didrickson; seeking an injunction against further direct and indirect violations of the antifraud provisions of the Securities Exchange Act of 1934. The Commission's complaint also seeks certain ancillary relief in the form of disgorgement and restitution from Magdovitz, Rabjohns, Casey and Coulson to Cenco of monies obtained by them pursuant to alleged illegal payoffs and kickbacks from Rose Packaging Corp.; restitution by Read, Magdovitz and Rabjohns to Cenco of monies expended by Cenco in connection with an alleged scheme to inflate the 1975 inventory of a Cenco subsidiary; an accounting by Rose Packaging Corp. and Marose of all monies allegedly received by them in connection with the repackaging of Cenco inventory into combinations of little or no utility or merchantability and disgorgement by Rose Packaging Corp. and Marose of all profits allegedly earned by them in connection with the repackaging program; and an accounting by Kahn, Orner and Berman of all monies allegedly obtained by them directly or indirectly from a former Cenco subsidiary as a result of utilizing documents reflecting fictitious and nonexistent transactions. (SEC v. Cenco Incorporated, et al., N.D. Ill.). (LR-7538)

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## TRADING SUSPENSIONS

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### ADDITIONAL ACTION ON TWO SUSPENSIONS

The SEC has announced the suspension of exchange and over-the-counter trading in the securities of Equity Funding Corp. and Orion Capital Corp., its reorganized successor, and Diversified Industries, Inc. for the further ten-day period September 8 - 17, inclusive.

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## SELF-REGULATORY ORGANIZATIONS

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### APPROVAL OF PROPOSED RULE CHANGE

The Commission has approved a proposed rule change (SR-MSE-76-11) by the Midwest Stock Exchange (MSE) which allows certificates of stock of the same issue with identical registration to be accompanied by one assignment. (Rel. 34-12761)

### NOTICE OF PROPOSED RULE CHANGE

The Midwest Stock Exchange, Inc. has filed a proposed rule change under Rule 19b-4 (SR-MSE-76-15) to establish an exchange fee charged on members' agency transactions. Publication of the proposal is expected to be made in the Federal Register during the week of September 6. (Rel. 34-12757)

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## SECURITIES ACT REGISTRATIONS

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### REGISTRATIONS EFFECTIVE

Sept. 1: American Microsystems, Inc., 2-56509; Del Monte Corp., 2-56983; Martin Processing, Inc., 2-56976; Old National Corp., 2-56654; Respiratory Care, Inc., 2-56953; Virginia Electric & Power Co., 2-56963.

NOTE TO DEALERS. When applicable the 90-day period of time dealers are required

## NOTE TO DEALERS CONT.

to use the prospectus is noted above in parentheses after the name of the issuer. As to the other issuers, there may be no such requirement to use a prospectus, or the requirement may be for a period of only 40 days; see Section 4(3) of the Securities Act of 1933 and Rule 174 (17 CFR 230.174) thereunder.

## RECENT 8K FILINGS

Form 8K is a report which must be filed with the SEC by the 10th of the month after any of the following important events or changes: changes in control of the registrant; acquisition or disposition of assets; legal proceedings; changes in securities (i.e., collateral for registered securities); defaults upon senior securities; increase or decrease in the amount of securities outstanding; options to purchase securities; revaluation of assets; submission of matters to a vote of security holders.

The companies listed below have filed Form 8-K reports for the month indicated, responding to the item of the form specified. Photocopies may be purchased from the Commission's Public Reference Section (in ordering, please give month and year of report). An index of the captions of the items of the form was included in Monday's News Digest.

COMPANY	ITEM NO.	MONTH
GAP STORES INC	13,14	08/76
CORPORATE INVESTMENT CO	4,7,11,14	08/76
DATAMATION SERVICES INC	13,14	07/76
ELECTRONIC DATA SYSTEMS CORP	13	08/76
HATHAWAY INSTRUMENTS INC	2,7,14	07/76
ISC FINANCIAL CORP	3	08/76
POLLUTION RESEARCH & CONTROL CORP	13	08/76
POST AMERICAN CORP	1	08/76
REDM CORP	2,14	11/75
SOLAR ENERGY RESEARCH CORP	13	08/76
SONICS INTERNATIONAL INC	13	07/76
WILLCOX & GIBBS INC	6,10,14	08/76
BRISTOL SILVER MINES CO	2	06/76
ECKERD DRUGS INC	11,14	08/76
EDUCATIONAL READING AIDS CORP	3,14	08/76
HERSHEY FOODS CORP	13,14	08/76
HYATT CORP	2	08/76
IC PRODUCTS CO	13	07/76
INTERNATIONAL TOBACCO WHOLESALERS ALLIAN	11	06/76
KMS INDUSTRIES INC	13,14	08/76
KONIG HOUSE FOODS INC	13	08/75
NEWPORT ELECTRIC CORP	13,14	08/76
OLD KENT FINANCIAL CORP	8	02/76
OLD KENT FINANCIAL CORP	7	04/76
OLD KENT FINANCIAL CORP	7	05/76
OLD KENT FINANCIAL CORP	8	07/76
UNITED STATES EQUITY & MORTGAGE TRUST	13,14	07/76
AGM INDUSTRIES INC	3,7	09/75
ATLANTA NATIONAL REAL ESTATE TRUST	6	07/76
CAMELOT ENTERPRISES INC	2,3,14	07/76
COMPONENTS SPECIALTIES INC	12,14	08/76
CONNECTICUT NATURAL GAS CORP	7,14	02/76
COPPER RANGE CO	10,14	06/76
ELECTROGASDYNAMICS INC	1,2,10	03/76
FARM HOUSE FOODS CORP	2,14	07/76
GENERAL ELECTRONICS INC	12,14	07/76
GUARDIAN DEVELOPMENT CORP	3,4,6	06/76
IC INDUSTRIES INC	13	07/76
INTERNATIONAL BANKNOTE CO INC	10	05/76
MATTHEWS JAMES H & CO	3,8	08/76
NATIONAL DATA CORP	8	03/76
ORMONT DRUG & CHEMICAL CO INC	7,8,13,14	07/76
PEERLESS CHAIN CO	13	08/76
PETROL INDUSTRIES INC	8,13	08/76
SENTRY FINANCE CO	13,14	08/76
SOUTHLAND INVESTMENT CORP	1	02/76

RECENT 8K FILINGS CONT.

TRIO LABORATORIES INC	13	06/76
UNION COMMERCE CORP	13	07/76
VOLT INFORMATION SCIENCES INC	1,7,13	07/76
AMENDMENTS TO REPORTS ON FORM 8-K		
ABEX CORP	13,14	07/76
ASKIN SERVICE CORP	3,7	07/76
CALIFORNIA WATER SERVICE CO	7	06/76
COLUMBIA CORP	7	05/76
CONTINENTAL OIL CO	7	03/76
CROWN CRAFTS INC	4	04/76
DART DRUG CORP	12	07/76
EQUIMARK CORP	2,14	06/76
HEMOTEC INC	12,14	02/76
MAGNETIC TAPE ENGINEERING CORP	14	06/76
OTIS ELEVATOR CO	2,7,8,11,14	07/76
OVITRON CORP	2	05/76
SOUTHERN INDUSTRIES CORP	14	07/76
TOSCO CORP	14	04/76
TYLER CORP	7,8	07/76
UNICARE SERVICES INC	8	05/76
UNITED AMERICAN LIFE INSURANCE CO	14	07/76
ZAPATA CORP	10,14	07/76
CONTINENTAL HERITAGE CORP	3	06/76
ASKIN SERVICE CORP	12,14	07/76
CUNRAC CORP	7	07/76
SERNCO INC	14	06/76
SERNCO INC	14	07/76
SHUPWELL INC	7,8,13	07/76
UNITED STATES BANCORP REALTY & MORTGAGE	7,14	07/76
COLEMAN AMERICAN COMPANIES INC	3	07/76
INVESTMENT CORP OF FLORIDA	2	07/76

NOTICE

Many requests for copies of documents referred to in the SEC News Digest have erroneously been directed to the Government Printing Office. Copies of such documents and of registration statements may be ordered from the Public Reference Section, Securities and Exchange Commission, Washington, D.C. 20549. The reproduction cost is 15¢ per page plus postage (\$2 minimum) and 30¢ per page plus postage for expedited handling (\$5 minimum). Cost estimates are given on request. All other referenced material is available in the SEC Docket.

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