

# SECURITIES AND EXCHANGE COMMISSION

# NEWS DIGEST



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

Washington 25, D.C.

FOR RELEASE March 15, 1957

## Securities Act Release Nos. 3761 and 3762

The SEC today announced that, pending further study and consideration, it does not contemplate adopting its proposal to rescind the so-called "no sale" doctrine of its Rule 133 pursuant to which securities issued in connection with certain mergers, consolidations and similar corporate actions approved by stockholders need not be registered under the Securities Act of 1933. Any future modification of Rule 133 by the Commission will be undertaken only after ample opportunity for further public comment thereon.

The Commission intends to continue actively to study Rule 133. Such study will encompass possible revision so as to provide for more adequate disclosure to public stockholders who are required to approve exchanges of securities in transactions contemplated by the rule, as well as misuse of the rule in connection with illegal distributions to the investing public of securities acquired through the medium of such transactions. The Commission believes that in mergers, consolidations, transfers of assets and reclassifications of securities of the type which substantially affect the right of security holders, such security holders are entitled to equivalent protection as that afforded by the registration provisions of the Securities Act of 1933. The Commission further intends to consider the possibility of submission to Congress of recommendations for legislation to deal more specifically with the problems presented by mergers, consolidations and similar transactions.

The Commission is inviting the members of the Bar and other interested groups to furnish their further views on the problems posed by Rule 133. In this connection, the Commission made public a letter dated March 5, 1957, and addressed to Chester T. Lane, Esquire, Chairman, Committee on Administrative Law, the Association of the Bar of the City of New York, with respect to Rule 133. In that letter, the Commission reviews its administrative and enforcement experience under Rule 133; expresses the view that it is in the public interest to reappraise the "no sale" theory of the rule and "to seek a solution more consistent with the fundamental disclosure and antifraud principles of the statutes which we administer;" and invites comments and suggestions for revision of the rule or for statutory amendment. A similar letter was sent to the Chairman of the Section of Corporation, Banking and Business Law of the American Bar Association.

(For further details, see Release Nos. 3761 and 3762.)

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(Over)

The Babcock & Wilcox Company, New York City, today filed a registration statement (File 2-13159) with the SEC seeking registration of 535,148 shares of its \$9 par Capital Stock. The company proposes to offer these shares for subscription by holders of its outstanding capital stock at the rate of one new share for each ten shares held on April 5, 1957. The subscription price and underwriting terms are to be supplied by amendment. Morgan Stanley & Co. is listed as the principal underwriter.

Net proceeds of this financing will be added to the general funds of the company and will be available for anticipated capital expenditures and to finance increased inventories and accounts receivable. At December 31, 1956, the unexpended balance of authorized capital expenditures was approximately \$10,500,000. In addition, the company has under consideration further capital expenditures which are currently expected to approximate \$25,500,000 during the two year period 1957-1958.

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Quebec Natural Gas Corporation, Montreal, today filed a registration statement (File 2-13160) with the SEC seeking registration of \$25,000,000 of First Mortgage Bonds due 1980, \$15,000,000 of Subordinated Debentures due 1985, and 750,000 shares of its \$1 par common stock. The debentures and common shares are to be offered in units each consisting of \$500 of debentures and 25 common shares. The bonds and units of debentures and common shares are to be offered for sale in Canada by Canadian underwriters (Nesbitt, Thomson and Company, Limited, Wood, Gundy & Company Limited and Osler, Hammond & Nanton Limited) and in the United States by underwriters headed by Lehman Brothers and Allen & Company. The interest rates on the bonds and debentures, public offering prices, and underwriting terms are to be supplied by amendment.

The company has previously raised approximately \$4,400,000 from the sale of its common shares and Class B shares. Net proceeds of the sale of the units of debentures and common shares and \$15,000,000 of bonds will be used, to the extent of approximately \$33,100,000, toward the acquisition of distribution, manufacturing and shipping facilities and the balance will be added to the existing working capital of the company. The remaining proceeds of the sale of the bonds will be available for property additions, of which approximately \$5,000,000 are contemplated for 1957 and \$7,000,000 in 1958, principally for extension of service.

#### Holding Company Act Release No. 13418

Wheeling Electric Company, Wheeling, W. Va. subsidiary of American Gas and Electric Company, has filed an application with the SEC for an order authorizing additional bank borrowings of \$2,357,000; and the Commission has issued an order giving interested persons until March 29, 1957, to request a hearing.

These borrowings are in addition to \$643,000 of borrowings which are exempt from the Holding Company Act. Proceeds of the \$3,000,000 of borrowings are to be used to pay part of the cost of Wheeling's 1957 construction program, estimated at \$3,600,000.