

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 July 23, 1964

N. Y. TRUST SEEKS ORDER. Diversified Trustee Shares, Series E, c/o First Investors Corporation, 120 Wall St., New York, has applied to the SEC for an order declaring that the said unit investment trust has agreed to be an investment company; and the Commission has issued an order under the Investment Company Act (Release IC-4021) giving interested persons until August 7 to request a hearing thereon. According to the application, The Chemical New York Trust Company is the Successor Trustee under the trust agreement. Evidence of beneficial interest in the trust is represented by Certificates for Trust Shares, which Trust Shares were issued under a 1947 Trust Indenture. The Trust Indenture was terminated by the trust's Successor Depositor, First Investors Corporation. The right of the holders of the outstanding Certificates to receive that kind of portion of the underlying Trust Units and any cash or other property allocable to the outstanding Trust Shares represented by such Certificates on April 15, 1960, was terminated on July 14, 1960, after which date the remaining underlying stock was required to be sold, so far as possible, within 60 days. The remaining underlying shares of stock were sold within the prescribed 60-day period and the total amount of proceeds then available for distribution to the 6,100 Trust Shares then outstanding amounted to \$125,677.02, less such after provision for applicable taxes and expenses amounted to approximately \$20.58229 available for distribution per Trust Share. Some \$3,191 is being held by the Successor Trustee for distribution to the remaining four holders of Certificates for Trust Shares.

FISCHBACH & MOORE SHARES IN REGISTRATION. Fischbach and Moore, Inc., 545 Madison Ave., New York, filed a registration statement (File 2-22618) with the SEC on July 22 seeking registration of 25,000 shares of common stock. According to the prospectus, Henry F. Fischbach, board chairman, Allen D. Fischbach, president, Charles D. Pierce and Mary Elizabeth Pierce, have agreed to sell 15,000, 5,000, 2,500 and 2,500 shares, respectively, to National Securities & Research Corporation, and these shares are the subject of this registration statement. The company has outstanding 1,007,354 common shares, of which management officials own 45%. Henry and Allen Fischbach own, respectively, 57,400 and 68,663 shares; and Charles D. and Mrs. Mary Elizabeth Pierce each own 16,000 shares. The principal business of the company is electrical contracting.

MO. FIDELITY LIFE PROPOSES OFFERING. Missouri Fidelity Life Insurance Company, 2401 S. Brentwood Blvd., St. Louis, filed a registration statement (File 2-22619) with the SEC on July 22 seeking registration of 1,000,000 shares of common stock, to be offered for public sale through underwriters headed by Stifel, Nicolaus & Co., of 314 North Broadway, St. Louis. The public offering price (\$12 per share maximum*) and underwriting terms are to be supplied by amendment. The company is a legal reserve life insurance company licensed and qualified to do business in 16 states (and it has applications for licenses pending in an additional 8 states). Proceeds of this financing will be added to the capital and surplus of the company and will be employed from time to time in the company's business, and to absorb the cost of writing new insurance, including the reserves thereon. The company now has outstanding 614,845 common shares, of which management officials own 11.6%. The St. Louis Investment Club, Inc., owns 13.1%. Jack L. Lewis is president and board chairman.

REGISTERED EXCHANGE FUND FILES. Registered Exchange Fund, Inc., 122 East 42d St., New York, N. Y., filed a registration statement (File 2-22620) with the SEC on July 22 seeking registration of 1,500,000 shares of common stock. The said Fund is a non-diversified closed-end management investment company seeking long term growth of capital and of income; it will provide a managed investment medium for investors holding substantial blocks of securities acceptable to the Fund, for which Fund shares are to be offered in exchange. The basis of exchange will be one share of the Fund for each \$5 of fair market value of securities received by the Fund, after deducting from such value the sales charge payable to the Dealer Manager (Robert L. Ferman & Co., Inc.) and soliciting dealers aggregating 8% in single transactions of less than \$100,000, and scaled down to 1% in single transactions involving larger amounts. The Fund has retained Registered Exchange Management Co., Inc., as investment advisor and to perform administrative and other services. Robert L. Ferman is president and board chairman; and he is also president and board chairman of the Dealer Manager and president of the investment advisor.

CORPORATE SECURITIES OFFERINGS UP. The SEC reports (for July 24th Newspapers) that new corporate securities offered for cash sale in the second quarter of 1964 totaled \$4.7 billion, a near record volume. The largest amount of new securities issued in any quarterly period was \$5.4 billion in the second quarter of 1961. The high level of securities flotations during the second quarter of this year reflected the record \$2 billion AT&T offerings to stockholders for which subscription rights expired in April, as well as the \$1 billion Communications Satellite Corporation stock offering. New offerings of common stock amounted to a record \$1.7 billion, \$100 million greater than the previous high in the second quarter of 1961, which also included a large AT&T rights offering. (For further details see Stat. Release No. 1990).

OVER

AMEX FLOOR TRADING PLAN APPROVED; NYSE PLAN AMENDED. The SEC today announced its approval of a plan proposed by the American Stock Exchange for the regulation of floor trading on that Exchange, effective August 3, 1964 (Release 34-7374). At the same time, the Commission announced that Amex and the New York Stock Exchange had filed amendments to their plans relating to floor trading transactions in bonds, rights and blocks of securities, which amendments have been approved (Release 34-7375).

Both plans were filed pursuant to Rule 11a-1 which provides, with limited 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 such exchange, for an account in which such member has an interest; and one exception permits floor trading transactions effected in conformity with a plan, adopted by an exchange and approved by the Commission, "designed to eliminate floor trading activities which are not beneficial to the market." The Amex plan is generally similar to the previously approved NYSE plan, except with respect to minimum capital requirements. Under the Amex plan, each "registered trader" is required to have an initial minimum capital requirement of \$25,000 on January 4, 1965, \$50,000 on July 1, 1965, and \$75,000 on January 3, 1966. The NYSE plan provides for an initial minimum capital of \$250,000.

One of the amendments to the NYSE and AMEX plans would provide an exemption with respect to bond trading from all prohibitions of Rule 11a-1; and the reason for such exemption is that bond trading on both exchanges comprises a minimal part of the business transacted on these exchanges. The low volume of activity in the exchange markets for bonds, coupled with the fact that the principal market for bonds exists in the over-the-counter market, eliminates the possibilities of harm to the public gave rise to the adoption of Rule 11a-1. The second exemption is of a technical nature and involves transactions by specialists in rights. The scope of the exemption is limited to a transaction in which a rights specialist having sold rights desires to effect a bona fide hedge of his position by purchasing the underlying security. This practice is analogous to arbitrage for which there is an existing exemption from Rule 11a-1.

The third exemption relates to certain transactions involving blocks of securities. Rule 11a-1 defines as floor trading not only transactions initiated on the floor but orders for the account of a member firm, initiated off the floor, where the floor member is given discretion in the execution of such an order. In many instances firms participate as principal in block transactions on the floor of an exchange either to facilitate the execution of their own customers' orders or on the invitation of another member where the market cannot readily absorb the block involved. In such cases, the exact price and amount of securities purchased or sold by the firm involved cannot be finally set until the transaction is finally consummated on the floor. Although such transactions do not involve the problems inherent in floor trading, they are technically floor trading transactions because of the restrictions on discretionary orders discussed above. The proposed change would create exceptions from these restrictions in the limited area of the block transaction.

PRECISION MICROWAVE DELISTED. The SEC today ordered the withdrawal of the common stock of Precision Microwave Corporation, Millis, Mass., from listing and registration on the American Stock Exchange, pursuant to provisions of the Securities Exchange Act, effective at the close of business July 23 (Release 34-7377). In a decision issued on May 22, the Commission ruled that financial statements included in the company's Securities Act registration statement were false and misleading, and that its application for listing and registration on Amex also contained false and misleading financial information. The Commission then ordered the temporary suspension of registration of the Precision common on Amex for a period of 60 days, subject to the provision that if certain specified reports were not filed within thirty days after such suspension a further order would be entered withdrawing the registration of Precision common from the Exchange. No such reports were filed.

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. Copies thereof 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. An index of the caption of the several items of the form was included in the July 1 News Digest.

Jessop Steel Co, May & June 64, (7,8,11,13)

Lil General Stores, Inc, Feb 64, (2,7,11,13)
May 64, (2,13)

Herman & Appley, Inc, June 64, (2,7,8,13)

Stratoflex, Inc, Feb 63, (7)

United Investors Corp, (Miss), April 64,
(11,12,13)

Delta Design, Inc, Amend #1 for Feb 62
(4,12,13)

SECURITIES ACT REGISTRATIONS. Effective July 22: Marine Midland Corp. (File 2-22557); Stein Roe & Farnham International Fund, Inc. (File 2-21543); Weyerhaeuser Co. (File 2-22538).
Effective July 23: Continental Independent Telephone Corp. (File 2-22449); Hi-G, Inc. (File 2-22484); West Coast Financial (File 2-22482).

*As estimated for purposes of computing the registration fee.