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

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SPECIALIST RULE PROPOSED. The SEC today announced (for 4:00 P.M. Release this date) a proposal for the adoption of a new Rule 11b-1 under the Securities Exchange Act governing the activities of specialists on the New York Stock Exchange and American Stock Exchange (Release 34-7432). Provision is made for the exemption of regional exchanges. Views and comments may be submitted on or before November 2d.

At the same time, the Commission announces that the two Exchanges (NYSE and Amex) are modifying and expanding their present rules and policies regulating the conduct of specialists and are adopting certain new ones. These together with the new SEC rule are expected to form an integrated regulatory program governing specialists. The changes worked out between the Commission and the respective exchanges reflect a constructive joint evaluation of the various recommendations of the Special Study. The Commission and the exchanges believe that these changes are in the public interest.

The proposed Commission rule contains three major parts. First, the rule sets forth certain areas in which an exchange must have rules governing the activities of specialists. Second, the rule establishes a procedure by which the Commission can review and disapprove new exchange rules relating to specialists if the Commission finds that they are inadequate to achieve the purposes described in the rule or are inconsistent with the public interest or the protection of investors. The Commission believes that the rules of the NYSE and the Amex relating to specialists, including those rules which these exchanges propose to adopt, meet the standards contained in proposed Rule 11b-1. Finally, if an exchange fails to take prompt and effective action where a specialist engages in transactions inconsistent with his obligations, the rule establishes a procedure by which the Commission can institute proceedings directly against the specialist to cancel or suspend his registration in one or more of the securities in which he is registered.

The Special Study recommended that for the most part, specific improvements in specialist practices and regulatory concepts and methods be accomplished through changes in the rules and procedures of the exchanges. The specific changes in rules and procedures which the NYSE and the Amex have agreed to adopt to implement the Special Study recommendations have been described in the official text of the Commission's release. However, the Study also recommended that since the Commission is not empowered to enforce rules of the exchanges, a Commission rule should be adopted under Section 11 of the Exchange Act which would enable the Commission to exercise some direct regulatory control over specialist activities. Proposed Rule 11b-1 implements that recommendation of the Study.

In general, the purpose of the proposed rule is to provide a new framework for regulation of specialists, under which the exchanges have been given maximum self-regulatory responsibility with the Commission actively exercising its oversight responsibilities.

Under Section 11(b) of the Exchange Act, if a specialist is permitted by the rules and regulations of the Commission to act as a dealer, such rules and regulations "shall restrict his dealings so far as practicable to those reasonably necessary to permit him to maintain a fair and orderly market." Paragraph (a)(1) of the proposed rule would permit national securities exchanges to register members as specialists who can act as dealers. However, if an exchange permits its specialists to act as dealers then its rules governing specialists must meet the standards described in paragraph (a)(2) and any change in or addition to such rules is subject to review and disapproval by the Commission under the provisions of paragraph (a)(3). The rules of an exchange governing specialists must include adequate minimum capital requirements, provisions restricting specialist dealer activities to the standards set forth in Section 11(b) of the Exchange Act, provisions setting forth the brokerage responsibilities of specialists, a requirement that as a condition of registration a specialist affirmatively participate as a dealer and methods to provide for effective and systematic surveillance of specialist activities. Copies of these rules and of any change in or addition to exchange rules relating to specialists must be filed with the Commission. Any such change or addition may be disapproved after a hearing if the Commission finds such change or addition inconsistent with the standards prescribed in the rule.

Paragraph (b) of the proposed rule permits the Commission to institute proceedings to require cancellation or suspension of a specialist's registration in one or more of his securities if he engages in transactions which are not necessary to permit him to maintain a fair and orderly market. Paragraph (b) of the proposed rule places maximum reliance upon self-regulation by requiring exchange rules to spell out the basic specialist obligations and provides a means for direct enforcement by the Commission when necessary.

The proposed rule also provides for an exemption from its provisions for regional securities exchanges. Since the Commission has not made any studies of the structure of regional exchange specialist systems, the Commission expects to exempt such exchanges from the proposed rule pending studies of the questions of responsibilities and privileges of their specialist members.

COLUMBIA GAS FINANCING CLEARED. The SEC issued an order under the Holding Company Act (Release 35-15130) authorizing The Columbia Gas System, Inc., New York registered holding company, to issue and sell at competitive bidding \$40,000,000 of debentures due 1989. Net proceeds will be applied to the System's 1964 construction program, estimated at \$144,000,000.

OVER

DIXIE LAND & TIMBER PROPOSES OFFERING. Dixie Land and Timber Corporation, 1375 Peachtree St., N. E., Atlanta, Ga., filed a registration statement (File 2-22788) with the SEC on September 22 seeking registration of 4,082,032 shares of common stock. Of this stock, 3,021,072 shares are to be offered for public sale at \$1 per share through employed salesmen, who will receive a selling commission of 10c per share; and an additional 5% will be applied by the company to the cost of the offering. An additional 1,000,000 shares are reserved for options and 60,960 for conversion of outstanding bonds.

Also included in the registration statement are 5,918,472 additional shares of outstanding common stock and \$76,200 of bonds. According to the prospectus, since the company was organized in January 1959 it has sold (both for cash and on a time-payment basis) some 5,900,000 common shares to the public at prices varying from 25c to 85c per share, together with \$76,200 of bonds. Proceeds aggregating \$67,065.61 were realized therefrom. While exemption from Securities Act registration was claimed for such sales on the basis of the intrastate exemption from registration, the exemption "may have been lost by the company during the course of the public offering of the stock." Accordingly, the registration statement covers the outstanding shares and bonds.

The company is engaged in operating 37,000 acres of company-owned timber land and in constructing and preparing to operate a 36,200-square-foot tissue mill in Bainbridge, Ga. In addition, it owns majority interest in Georgia Development Enterprises, Inc., a five-unit apartment building in Atlanta, and deposits of minerals and crab-orchard-type stone. Net proceeds from its stock sale will be applied to the cost of constructing its tissue mill, estimated at \$7,000,000. In addition to indebtedness, the company has outstanding 5,917,968 common shares. Of this stock, 2,007,384 shares were exchanged for timberlands, assets and the controlling interest in Georgia Development. Management officials as a group have purchased 291,104 common shares at the offering price current at the time of sale. In addition, they have subscribed to 72,780 additional shares at 50c per share. Ken Mason is president.

JACKSON NATIONAL LIFE INS. FILES FINANCING PROPOSAL. Jackson National Life Insurance Company, 245 W. Michigan Ave., Jackson, Mich., filed a registration statement (File 2-22790) with the SEC on September 23 seeking registration of 325,000 shares of common stock. Of this stock, 225,000 shares are to be offered for public sale through underwriters headed by Blunt Ellis & Simmons, 111 W. Monroe St., Chicago, and 100,000 of such shares are to be offered to the company's stockholders at the rate of one new share for each four shares held. The offering price (\$9 per share maximum*), record date and underwriting terms are to be supplied by amendment.

Organized under Michigan law in 1961, the company sells individual non-participating life insurance. It sustained an operating loss of \$454,813 from its inception to July 31, 1964. Net proceeds from its stock sale will be added to general funds and used in the conduct of its insurance business. The company has outstanding 404,608 common shares, of which management officials as a group own 83,956 shares. At the time the company commenced operations, it sold 300,000 Class A shares to the public at \$4 per share and 200,000 Class B shares to Apex Investment Company and its incorporators for \$200,000. As a result of recapitalization, the company issued a single class of common stock and exchanged one such share for each outstanding Class A share and one share for each two outstanding Class B shares. A. J. Pasant is president of the company.

NEES PROPOSES INCREASE IN SYSTEM FINANCING. New England Electric System, Boston holding company, has joined with five of its subsidiaries in the filing of an application with the SEC under the Holding Company Act proposing that system financing authorized for four of the subsidiaries by Commission order of March 13, 1964 be increased by \$1,000,000 and that Massachusetts Electric Company also be authorized to issue notes during 1964 (to banks and/or to NEES) in an amount not exceeding \$10,000,000 at any one time outstanding. The Commission has issued an order (Release 35-15131) giving interested persons until October 20 to request a hearing thereon. According to the application, the additional borrowings will be used by the subsidiaries to pay for increased construction expenditures, and Massachusetts Electric will use the additional funds for construction purposes or to reimburse its treasury therefor.

SBARBATI AND PERSOFF INDICTED. The SEC announced September 23 (LR-3030) the return of a Federal court indictment (USDC Conn.) on September 18 charging Vincent J. Sbarbati and Amos Racow Persoff (a/k/a Amos Purcell) with violating the anti-fraud provisions of the Securities Act, the mail fraud and conspiracy statutes in the sale of common stock of Dwaïn Records, Inc.

SECURITIES ACT REGISTRATIONS. Effective September 24: A. P. Green Fire Brick Co. (File 2-22399); Lore Noto (File 2-22685). Withdrawn September 23: Perloff Brothers, Inc. (File 2-22468).

*As estimated for purposes of computing the registration fee.

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