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SECURITIES AND EXCHANGE COMMISSION
Philadelphia

- SECURITIES ACT OF 1933
Release No. 2887
- SECURITIES EXCHANGE ACT OF 1934 ✓
Release No. 3347
- HOLDING COMPANY ACT
Release No. 3988
- INVESTMENT COMPANY ACT OF 1940
Release No. 417

The Securities and Exchange Commission today announced the adoption of several revisions to its proxy rules applicable to all solicitations after January 15, 1943.

At the same time the Commission announced a general simplification of registration and reporting requirements under the various Acts which it administers through a comprehensive revision of its forms and regulations. It is believed that the program will result in considerable saving of paper work and will at the same time preserve for investors and protection afforded by the statutes.

The principal revisions to the proxy regulations are:

1. More extensive information must be given on the compensation and dealings of corporate managers, as well as a brief statement of the principal occupation of all directors and a resume of the business experience of new candidates.
2. Regular annual reports to stockholders must accompany or precede proxy statements.
3. Stockholders making proposals for action which are opposed by management must be given not more than 100 words in the proxy in which to state their position, provided the security holder gives the management reasonable notice of his intention.
4. The exemption heretofore granted corporations making proxy solicitations without use of the mails or interstate commerce is abolished.
5. An exemption is provided from the rules for certain types of solicitations through newspaper advertisements.

The additional information required about management includes a list of all directors and officers, except officers (not directors) receiving less than \$20,000 a year, together with a statement of the amounts received in cash as well as under pension or option plans. Information must also be given showing all loans to officers and directors not made in the ordinary course of business, together with a brief description of all material transactions of officers and directors and their associates with the company or its subsidiaries.

Several months ago the Commission authorized its staff to circulate the proposed revisions to its proxy rules for comments and suggestions. The revisions announced today take into consideration the comments received. A number of the suggestions proposed by the staff were not adopted. They are:

1. The requirement that information of the type submitted in an annual report to stockholders including financial statements shall be included in the proxy statement.
2. The suggestion that minority stockholders be given an opportunity to use the management's proxy material in support of their own nominees for directorships.
3. A suggestion that persons soliciting proxies be denied the right to obtain discretionary authority where security holders have not marked ballots. This proposal was not adopted but a requirement of a clearer statement concerning the solicitation of discretionary authority was included in the new rules.
4. Compensation of officers who are not directors and who receive \$20,000 or less is not required to be reported.

Consideration of the proposed revisions to its proxy rules led the Commission to an acceleration of the survey which it had earlier begun of the forms and regulations under the various statutes which it administers. This resulted in a general streamlining of a number of the reporting forms, with the adoption of many of the suggestions received from industry and which had been under consideration by the Commission for some time. The principal revisions are:

1. A new general form has been adopted for registration of commercial and industrial companies under the Securities Act of 1933, permitting the filing of the prospectus as a principal part of the registration statement, thus eliminating much duplication between the prospectus and the registration statement proper.
2. A registration statement filed under the Securities Act becomes a basic document under the simplification program so that securities covered by the statement may be listed on a stock exchange by filing copies of the registration statement. If a company is required to file annual reports with the Commission, these reports may consist principally of copies of its registration statement under the Securities Act, its annual report to stockholders, or a thirteen-months' prospectus. One result is that a company's annual report to stockholders, its proxy statement and its annual report to the Commission may, generally speaking, be the same document.

3. A number of changes have been effected in the requirements for financial statements designed to simplify and shorten such data by permitting under designated conditions the omission or partial omission of certain schedules, and by permitting all figures appearing in financial statements to be stated in thousands of dollars. Financial statements included in annual reports to stockholders may be incorporated in annual reports to the Commission if they substantially conform to the requirements of Regulation S-X. A supplementary opinion of the Chief Accountant will be released shortly discussing the type of grouping or condensation which may be followed in financial statements without preventing substantial conformity with the requirements of Regulation S-X.
4. The procedure for registration of additional securities on an exchange and for registration on an additional exchange has been simplified by the revision of Forms 8-A and 8-C.
5. The Annual Supplement Form U5S for registered holding companies has been revised to eliminate 23 out of a total of 42 items or sub-items and 6 out of a total of 13 exhibits or sub-exhibits. In addition, many of the remaining items and instructions thereto have been amended to decrease the quantity of information required.
6. Two skeleton forms have been adopted for the use of public utility holding companies registered under the Holding Company Act in filing annual reports under Sections 13 and 15 (d) of the Securities Exchange Act. These forms permit such companies to file copies of their annual supplements in lieu of furnishing the information required in the forms heretofore used by such corporations. However, such companies must file the financial statements required by Form 10-K and the financial statements must be prepared in accordance with Regulation S-X.

The new program also includes simplified forms for the registration of securities of closed-end and open-end management investment companies and unit investment trusts which permit such companies to file a registration statement consisting of little more than a prospectus.

The use of the new forms included in the simplification program is entirely permissive, except that the new Form U5S under the Holding Company Act is intended to supplant the existing form until further notice. Any company may use them or may follow the procedure heretofore in effect. During the next several months the Commission will receive and give careful consideration to any criticisms or suggestions with regard to the use of the new forms. These forms are now in preparation and will be available shortly.

The text of the Commission's action follows:

The Securities and Exchange Commission, acting pursuant to authority conferred upon it by the Securities Act of 1933, particularly Sections 7, 10 and 19 (a) thereof; the Securities Exchange Act of 1934, particularly Sections 12, 13, 14 (a), 15 (d) and 23 (a) thereof; the Public Utility Holding Company Act of 1935, particularly Sections 14 and 20 (a) thereof; and the Investment Company Act of 1940, particularly Sections 30 (a) and 38 (a) thereof, and deeming such action necessary and appropriate in the public interest and for the protection of investors and necessary for the execution of the functions vested in it by the said Acts, hereby takes the following action:

(A) The following forms are hereby adopted:

Form S-1, Optional Form for Registration under the Securities Act of 1933 of Securities of Issuers which would otherwise be Authorized or Required to Use Form A-1, A-2, or E-1.

Form S-4, For Registration under the Securities Act of 1933 of Securities of Closed-end Management Investment Companies Registered on Form N-8B-1.

Form S-5, For Registration under the Securities Act of 1933 of Securities of Open-end Management Investment Companies Registered on Form N-8B-1.

Form S-6, For Registration under the Securities Act of 1933 of Securities of Unit Investment Trusts Registered on Form N-8E-2.

Form U5-K, For Annual Reports under Section 13 of the Securities Exchange Act of 1934 of Holding Companies Registered under the Public Utility Holding Company Act of 1935.

Form U5-ND, For Annual Reports under Section 15 (d) of the Securities Exchange Act of 1934 of Holding Companies Registered under the Public Utility Holding Company Act of 1935.

(B) The following forms are amended to read as set forth in copies of the forms marked "As amended to and including 11/15/42":

Form 8-A, For Registration of Additional Securities under the Securities Exchange Act of 1934.

Form 8-C, Application for Registration of Securities on an Additional Exchange Pursuant to Sections 12 (b), (c) and (d) of the Securities Exchange Act of 1934.

(C) *Form U5S*, Annual Supplement to Registration Statement, is amended to read as set forth in copies of the form marked "Adopted December 10, 1942".

(D) *Form 10-K*, For Corporations, and *Form N-30A-1*, Annual Report of Management Investment Company Registered Under the Investment Company Act of 1940, are amended as provided below.

(E) *Form A-0-1* and the instruction book therefor are hereby rescinded.

(F) *Rule X-12B-9*, Of the General Rules and Regulations under the Securities Exchange Act of 1934 is amended to read as hereinbelow set forth.

(G) Rules ~~X-12B-10~~, X-12A-8, X-12A-9 and ~~X-12D-5~~ are adopted to read as hereinbelow set forth.

(H) Regulation X-14 is amended to read as hereinbelow set forth.

The above action of the Commission shall become effective immediately upon publication except that the revised Regulation X-14 shall not become effective until January 15, 1943.

Rule X-12B-9. Registration by Closed-end Management Investment Companies.

(a) Notwithstanding the requirements of the form which would otherwise be appropriate for registration of securities on an exchange under the Securities Exchange Act of 1934 (hereinafter called the "appropriate form"), any closed-end management investment company which is registered under the Investment Company Act of 1940 and which has no securities listed and registered on any exchange may file an application for registration of securities under the Securities Exchange Act of 1934 consisting of the following:

(1) The facing sheet of the appropriate form;

(2) A copy of the company's registration statement under Section 8 (b) of the Investment Company Act of 1940, including financial statements and exhibits;

(3) A copy of each report filed by the company pursuant to Section 30 (a) or 30 (b) (1) of the Investment Company Act of 1940, including financial statements and exhibits, if any;

(4) A description of the securities being registered as required by the appropriate form and any financial statements or exhibits required by the appropriate form which are not included in the application pursuant to (2) or (3) above; and

(5) The signatures required by the appropriate form.

(b) The following statement shall appear on the facing sheet of the application or on a page immediately following the facing sheet:

"THIS APPLICATION, FILED PURSUANT TO RULE X-12B-9, CONSISTS OF THE REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 FILED BY THE REGISTRANT ON _____, 19____, AND THE FOLLOWING ADDITIONAL INFORMATION AND DOCUMENTS REQUIRED BY RULE X-12B-9!" (List such additional information and documents.)

(c) If the registration statement or any report included in the application pursuant to (a) (2) or (a) (3), above, incorporates by reference any financial statements or exhibits required by the appropriate form which are on file with the Commission but are not on file with the exchange, the copies of the application filed with the exchange shall contain copies of such financial statements or exhibits.

Rule X-12B-10. Registration by Registrants under the Securities Act of 1933.

(a) Notwithstanding the requirements of the form which would otherwise be appropriate for registration of securities on an exchange under the Securities Exchange Act of 1934 (hereinafter called the "appropriate form"), any issuer, except investment companies registered under the Investment Company Act of 1940, which has filed a registration statement under the Securities Act of 1933 and which has no securities listed and registered on any exchange may, if the registration statement has become effective and is not subject to any proceeding under Section 8 (d) of the latter Act or to an order entered thereunder, file an application for registration of securities under the Securities Exchange Act of 1934 consisting of the following:

(1) The facing sheet of the appropriate form;

(2) A copy of the company's registration statement under the Securities Act of 1933, including financial statements and exhibits;

(3) A description of the securities being registered as required by the appropriate form (unless contained in the registration statement filed pursuant to (2) above) and any financial statements or exhibits required by the appropriate form which are not included in the application pursuant to (2) above; and

(4) The signatures required by the appropriate form.

(b) The following statement shall appear on the facing sheet of the application or on a page immediately following the facing sheet:

"THIS APPLICATION, FILED PURSUANT TO RULE X-12B-10, CONSISTS OF THE REGISTRATION STATEMENT OF _____ UNDER THE SECURITIES ACT OF 1933 WHICH BECAME EFFECTIVE ON _____, AND THE FOLLOWING ADDITIONAL INFORMATION AND DOCUMENTS REQUIRED BY RULE X-12B-10": (List such additional information and documents.)

(c) Any application filed pursuant to this rule after the end of one or more fiscal years of the registrant following the last fiscal year for which certified financial statements were included in its registration statement under the Securities Act of 1933 shall be accompanied by an annual report for each such fiscal year on the form appropriate for annual reports of the registrant pursuant to Section 13 of the Securities Exchange Act of 1934, provided that if the registrant has filed for such fiscal year or years annual reports pursuant to Section 15 (d) of the latter Act, it may file with the exchange copies of the annual reports so filed with the Commission.

(d) If the registration statement included in the application incorporates by reference any financial statements or exhibits required by the appropriate form which are on file with the Commission but are not on file with the exchange, the copies of the application filed with the exchange shall include copies of such financial statements or exhibits.

Rule X-13A-8. Reports in Case of New Registration under Securities Act of 1933.

(a) Notwithstanding the provisions of rules X-13A-1 and X-13A-2, any registrant, except investment companies registered under the Investment Company Act of 1940, which has filed a registration statement under the Securities Act of 1933, may file as its annual report pursuant to rule X-13A-1, copies of its registration statement under the latter Act in lieu of an annual report on the appropriate annual report form if the statement (1) has become effective and is not subject to any proceeding under Section 8 (d) of that Act or to an order entered thereunder and (2) covers the period which would be covered by a report on the appropriate annual report form and contains all of the information including financial statements and exhibits required by the appropriate annual report form.

(b) The report shall be filed under cover of the facing sheet of the appropriate annual report form and shall be signed in accordance with the requirements of that form. The following statement shall appear on the facing sheet of the annual report or on the page immediately following the facing sheet:

THIS ANNUAL REPORT, FILED PURSUANT TO RULE X-13A-8, CONSISTS OF THE INFORMATION AND DOCUMENTS CONTAINED IN THE REGISTRATION STATEMENT ON FORM _____, FILED BY THE REGISTRANT ON _____ 19____, AS AMENDED UNDER DATES OF _____.

(c) Any exhibits included in the registration statement which are not required by the appropriate annual report form may be omitted.

(d) If the registration statement included in the report incorporates by reference any financial statements or exhibits required by the appropriate annual report form which are on file with the Commission but are not on file with the exchange, the copies of the annual report filed with the exchange shall include copies of such financial statements or exhibits.

(e) Copies of the report filed with the Commission may incorporate the registration statement by reference.

Rule X-13A-9. Incorporation of Information contained in a Prospectus.

Any registrant which has filed with the Commission pursuant to Rule 800 of the General Rules and Regulations under the Securities Act of 1933 copies of a prospectus meeting the requirements of Section 10 (b) (1) of that Act may incorporate by reference in its annual report pursuant to Section 13 of the Securities Exchange Act of 1934 any information, including financial statements, contained in the prospectus, provided a copy of the prospectus is filed as an exhibit to the annual report.

Rule X-15D-5. Incorporation of Information contained in a Prospectus.

Any registrant which has filed with the Commission pursuant to Rule 800 of the General Rules and Regulations under the Securities Act of 1933, copies of a prospectus meeting the requirements of Section 10 (b) (1) of that Act may incorporate by reference in its annual report pursuant to Section 15 (d)

of the Securities Exchange Act of 1934 any information, including financial statements, contained in the prospectus, provided a copy of the prospectus is filed as an exhibit to the annual report.

Amendments to Form 10-K

1. Paragraph 3 (c) of the instructions to Item 8 under the caption "Financial Statements" set forth in the instruction book for Form 10-K is amended to read as follows:

(c) No financial statements need be filed for any subsidiary, whether domestic or foreign, which is not a significant subsidiary. Statements of subsidiaries may be so omitted, however, only to the extent that the total assets of the subsidiaries for which statements are omitted do not exceed 15% of the total assets of the registrant and its subsidiaries consolidated and the total sales and operating revenues of the omitted subsidiaries do not exceed 15% of the sales and operating revenues of the registrant and its subsidiaries consolidated.

2. The Instruction Book for Form 10-K is further amended by inserting after Instruction 15 under the caption "General Rules as to Preparation and Contents of Annual Report" a new instruction reading as follows:

17. *Issuers subject to the proxy rules.* If the registrant has furnished an annual report to its security holders pursuant to Rule X-14A-1 of Regulation X-14, it may file with its annual report on this form a copy of its annual report to security holders and may incorporate by reference in answer to any item of this form any of the information contained in such annual report. The registrant may also incorporate by reference in its annual report on this form any financial statements contained in its annual report to security holders which are prepared substantially in accordance with the requirements of this form and Regulation S-X.

Amendment to Form N-30A-1

Form N-30A-1 is amended by changing Instruction 4 captioned "Definitions" of the "Instructions for Form N-30A-1" to Instruction 5 and inserting a new Instruction 4 reading as follows:

4. *Issuers subject to the proxy rules.* If the registrant has furnished an annual report to its security holders pursuant to Rule X-14A-1 of Regulation X-14, it may file with its annual report on this form a copy of its annual report to security holders and may incorporate by reference in answer to any item of this form any of the information contained in such annual report. The registrant may also incorporate by reference in its annual report on this form any financial statements contained in its annual report to security holders which are prepared substantially in accordance with the requirements of this form and Regulation S-X.

REGULATION X-14 (Revised as of December 15, 1942)

RULES RELATING TO SOLICITATIONS OF PROXIES

Rule X-14A-1. *Duty to Furnish Proxy Statement.*

No solicitation subject to Section 14 (a) shall be made unless each person solicited is concurrently furnished or has previously been furnished with:

(a) a written proxy statement containing the information specified in Schedule 14A and

(b) if the solicitation is made by the management of the issuer and relates to a meeting of security holders at which the election of directors is an item of business, an annual report to security holders containing such financial statements for the last fiscal year as will, in the opinion of the management, adequately reflect the position and operations of the issuer. Such annual report to security holders, including financial statements, shall be in any form deemed suitable by the management. If such annual report is sent to security holders in advance of the proxy statement and form of proxy, it shall contain a statement in a prominent place that proxies will be requested at a later time, indicating the approximate date on which the proxy statement is expected to be sent to security holders. In such case the proxy statement shall contain a statement in a prominent place that an annual report to security holders, including financial statements, has been previously sent to security holders, indicating the date on which it was sent. Solely for the Commission's purposes in checking compliance with this rule, three copies of any such annual report to security holders which is not filed under Rule X-14A-4 (b) because it is to be sent out in advance of the proxy statement shall be mailed to the Commission for its information not later than the date on which such report is first sent or given to security holders.

Rule X-14A-2. *Duty to provide Means by Which Desired Action Can be Specified.*

Means shall be provided in the form of proxy whereby the person solicited is afforded an opportunity to specify by ballot a choice between approval or disapproval of each matter, or each group of related matters as a whole, which is intended to be acted upon pursuant to the proxy and the authority conferred as to each such matter or group of matters shall be limited to voting in accordance with the specifications so made. Nothing in Regulation X-14 shall prevent the solicitation of a proxy conferring discretionary authority with respect to matters as to which the person solicited does not make the specification provided for above if the ballot is clearly set forth in the form of proxy and the form of proxy contains a statement in bold-face type indicating that if the ballot is not marked the shares represented by the proxy will nevertheless be voted in a specified manner. Nothing in Regulation X-14 shall prevent the solicitation of a proxy conferring discretionary authority with respect to matters which the persons making the solicitation are not aware will be presented for action pursuant to the proxy. No authority shall be sought to vote a proxy upon the election of any person to any office for which a bona fide nominee is not named in the proxy statement,

Rule X-14A-3. *Presentation of Information.*

(a) The information included in proxy soliciting material shall be clearly presented and the statements made shall be divided into groups according to subject matter and the various groups of statements shall be preceded by appropriate headings. The order of items and subitems in the schedule need not be followed provided that the information is furnished in a manner which will not tend to obscure the effective presentation of information to the persons solicited. Where practicable and appropriate, the information shall be presented in tabular form and amounts shall be stated in figures. If detachable, the proxy form shall appear at the end of the proxy statement. Information required by more than one applicable item need not be repeated. No statement need be made in response to any item or subitem which is inapplicable.

(b) Any information required to be included in the proxy statement as to terms of securities or other subject matter which from a standpoint of practical necessity must be determined in the future may be stated in terms of present knowledge and intention; Provided, however, that in such a case a brief statement of the circumstances rendering it necessary that such matters be determined in the future shall be made and, to the extent practicable, the authority to be conferred concerning each such matter shall be confined within limits reasonably related to the need for discretionary authority. Subject to the foregoing provision, information which is not known to the persons making the solicitation and which it is not reasonably within the power of such persons to ascertain or procure may be omitted, if a brief statement of the circumstances rendering such information unavailable is made.

(c) There may be omitted from the proxy statement any information contained in any other proxy soliciting material which has been furnished to each person solicited in connection with the same meeting or subject matter if a clear reference is made to the place where such information appears.

(d) All printed proxy soliciting material shall be set in type at least as legible as 10-point leaded type except that to the extent necessary for convenient presentation financial statements may be set in type at least as legible as 8-point leaded type.

Rule X-14A-4. *Duty to File Material.*

The following material shall be filed:

(a) Three preliminary copies of the proxy statement and form of proxy. Such copies shall be filed with the Commission at Philadelphia, Pennsylvania, not later than ten days prior to the date definitive copies of such material are first sent or given to security holders or such lesser number of days prior to such date as the Commission, upon a showing of unusual circumstances, may determine. Such copies shall be marked preliminary copies and shall be for the information of the Commission only.

[Note: It is not advisable to print definitive copies for distribution to security holders until the comments of the Commission's staff have been received and considered.]

(b) Three definitive copies of the proxy statement, form of proxy, and any additional material relating to the same meeting or subject matter furnished to security holders concurrently with or subsequent to the proxy statement in the form in which such material is furnished to security holders. Not later than the date such material is first sent or given to any security holders such copies shall be filed with or mailed to the Commission at Philadelphia, Pennsylvania, and three additional copies shall be filed with or mailed to each national securities exchange upon which is listed any security in respect of which the solicitation is made. Copies of replies to inquiries from security holders requesting further information need not be filed pursuant to this paragraph.

(c) The material transmitted to the Commission pursuant to paragraphs (a) and (b) shall be accompanied by a statement of the date upon which copies thereof are intended to be or have been released to security holders.

Rule X-14A-5. *False or Misleading Statements.*

No solicitation subject to Section 14 (a) of the Act shall be made by means of any form of proxy, notice of meeting or other communication containing any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter which has become false or misleading.

Rule X-14A-6. *Duty of Issuer to Furnish Information and Mail Proxies at Request of Security Holders.*

No solicitation subject to Section 14 (a) of the Act shall be made by or on behalf of the management of the issuer, directly or indirectly, unless the issuer performs or has performed such of the following acts as may be duly requested by any qualified owner of any security of the issuer (hereinafter called "the applicant") with respect to the same subject matter or meeting:

(a) At the written request of the applicant, the issuer shall furnish the following information:

(1) A statement of the approximate number of holders, of record or otherwise, of any class of securities, any of the holders of which have been or are to be solicited by or on behalf of the management or of any smaller group of such holders which the applicant shall designate; and

(2) An estimate of the cost of mailing a specified form of proxy or other communication to such holders.

Any information requested pursuant to this paragraph shall be mailed or otherwise furnished as promptly as practicable after receipt of the written request.

(b) At the written request of the applicant, copies of any form of proxy or other communication furnished by the applicant shall be mailed by the issuer to holders, of record or otherwise, of any class of securities who have been or are to be solicited by or on behalf of the management or to any smaller group of such holders which the applicant shall designate. Such material shall be mailed with reasonable promptness after receipt of a tender of the material to be mailed, of envelopes or other containers therefor, of postage or payment for postage, and of reasonable reimbursement of all expenses incurred in connection with such mailing; except that such material need not be mailed prior to the first day on which the solicitation is made by or on behalf of the management.

Rule X-14A-7. *Duty of Management to Set Forth Stockholders' Proposals.*

In the event that a qualified security holder of the issuer has given the management reasonable notice that such security holder intends to present for action at a meeting of security holders of the issuer a proposal which is a proper subject for action by the security holders, the management shall set forth the proposal and provide means by which security holders can make a specification as provided in Rule X-14A-2. Further, if the management opposes such proposal, it shall, upon the request of such security holder, include in its soliciting material the name and address of such security holder and a statement of such security holder setting forth the reasons advanced by him in support of such proposal. Provided, however, that a statement of reasons in support of a proposal shall not be longer than 100 words and provided further that such security holder and not the management shall be responsible for such statement. For the purposes of this rule notice given more than thirty days in advance of a day corresponding to the date on which proxy soliciting material was released to security holders in connection with the last annual meeting of security holders shall, prima facie, be deemed to be reasonable notice.

Rule X-14A-8. *Solicitations to which Rules are not Applicable.*

The rules contained in this regulation shall not apply to:

(a) Any solicitation made otherwise than by or on behalf of the management of the issuer where the total number of persons solicited is less than 10.

(b) Any solicitation in respect of securities of a registered public utility holding company or a subsidiary company thereof in the event that there are no public holders of such securities.

(c) Any solicitation of a proxy by any person in respect of securities carried in his name or in the name of his nominee, or held in his custody, if (1) such person receives no commission or remuneration for such solicitation, directly or indirectly, other than reimbursement of reasonable out-of-pocket expenses and clerical expenses, and (2) such person furnishes to the person solicited a copy of all soliciting material which the persons on whose behalf the solicitation is made are sending to other persons. Provided, however, that this exemption shall not be applicable to any solicitation by a voting trustee in respect of securities of which he is trustee;

(d) Any solicitation of proxy by any person in respect of securities of which he is the beneficial owner;

(e) Any solicitation of a proxy evidenced by a certificate of deposit or other security which is registered under the Securities Act of 1933;

(f) Any solicitation of an acceptance of a plan of reorganization under Chapter X of the Bankruptcy Act, as amended, or of an authority to accept any such plan, if such solicitation is made after the entry of an order approving such plan pursuant to Section 174 of said Act and after, or concurrently with, the transmittal of information concerning such plan as required by Section 175 of said Act;

(g) Any solicitation made in connection with a reorganization of a registered holding company or any subsidiary company thereof, or in connection with any transaction which is or will be the subject of an application or declaration filed with the Commission pursuant to the provisions of the Public Utility Holding Company Act of 1935 or any rule promulgated thereunder, if such solicitation is made in compliance with Rule U-62 under the Public Utility Holding Company Act of 1935.

(h) Any solicitation of a proxy through the medium of a newspaper advertisement if the advertisement informs security holders of a source from which they may obtain copies of a proxy statement, form of proxy and any other soliciting material and does no more than (1) name the issuer, (2) state the reason for the advertisement, (3) identify a proposal to be acted upon by security holders.

Rule X-14A-9. *Definitions.*

For the purpose of Regulation X-14, unless the context otherwise requires--

(a) The term "proxy" includes every proxy, consent or authorization within the meaning of Section 14 (a) of the Act. A consent or authorization may take the form of failure to object or to dissent.

(b) The term "solicitation of a proxy" includes (1) any request for a proxy, whether or not such request is accompanied by or included in a form of proxy, (2) any request to revoke a proxy or not to execute a proxy (3) any request to execute a proxy and (4) the furnishing of a form of proxy to security holders under circumstances reasonably calculated to result in a procurement of proxies; Provided, however, that the term does not apply to the furnishing of a form of proxy to a security holder upon the unsolicited request of such security holder, and does not apply to the performance by the issuer of acts required by Rule X-14A-6 or the performance by any person of ministerial acts on behalf of a person soliciting a proxy.

(c) The term "proxy statement" means the statement required by Rule X-14A-1, whether or not contained in a single document;

(d) The term "issuer" means the issuer of the security in respect of which the proxy is solicited;

(e) The term "associate", used to indicate a relationship with any persons, means (1) any corporation or organization (other than the issuer or a majority owned subsidiary of the issuer) of which such person is an officer or partner or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities, (2) any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, and (3) any relative or spouse of such person having the same home as such person;

(f) The term "affiliate," used to indicate a relationship with any person, means of person controlling, controlled by, or under common control with, such person.

(g) The term "officer" means a chairman of the board of directors, president, vice president, treasurer, secretary, comptroller, and any other person performing similar functions.

(h) The phrase "the persons making the solicitation", used in relation to a solicitation by the management of the issuer, means the directors and officers of the issuer exclusive of any directors or officers who are opposed to the solicitation.

(i) The phrase "matters to be acted upon pursuant to the proxy", used in relation to a proxy to be used at a meeting of security holders, means the matters which the persons making the solicitation intend to present and any matters which the persons making the solicitation have been given reasonable notice that other persons intend to present for action at such meeting, in the event the persons making the solicitation intend that the proxy shall be used for purposes of a vote upon such matters or for purposes of a quorum supporting such a vote; Provided, however, that the phrase as so employed does not apply to elections to office. For the purposes of this rule notice given more than thirty days in advance of a day corresponding to the date on which proxy soliciting material was released to security holders in connection with the last annual meeting of security holders shall, prima facie, be deemed to be reasonable notice.

SCHEDULE 14A

Items of information to be furnished in connection with solicitations of proxies.

Item 1. State whether or not the person giving the proxy has the power to revoke it. If it is asserted that the right of revocation before the proxy is exercised is limited, outline the limitations and state the basis for such assertion.

Item 2. Summarize briefly the rights of appraisal or similar rights of dissenters with respect to any matter to be acted upon pursuant to the proxy. Where such dissenters' rights may be exercised within a limited time after the date of the adoption of a proposal, the filing of an amendment to a charter or a similar act, state whether the person solicited will be notified of such date.

Item 3 (a) State the names of the persons by whom, directly or indirectly, the cost of solicitation has been or will be borne.

(b) If solicitations are to be made, otherwise than by use of the mails and otherwise than by directors, officers and regular employees of the issuer at an additional total cost of \$100 or less, state, or describe briefly, (1) the character of such additional solicitations, (2) the cost or anticipated cost thereof and the material features of the arrangement, if any, for the payment thereof and (3) the approximate number of both regular and specially engaged employees of the issuer or any other person (naming such other person) who will solicit proxies.

Item 4 (a) If the solicitation is made by or on behalf of the management of the issuer make a statement to that effect. If the solicitation is made otherwise than by or on behalf of the management, state the names of the persons by whom or on whose behalf the solicitation is made, directly or indirectly, and the approximate amount of each class of securities of the issuer owned beneficially by each such person and his associates. If any such person is not the beneficial owner of any securities of the issuer, a statement to that effect as to such persons shall be made.

(b) Describe any interest, direct or indirect, (by security holdings or otherwise) of any director or officer of the issuer, or any associate of any director or officer, or any other person by whom or on whose behalf the solicitation is made or any associate of any such other person in any matter to be acted upon pursuant to the proxy. (No statement need be made under this paragraph as to any interest arising solely by reason of being a director or officer of the issuer.)

(c) If the solicitation is made by or on behalf of the management of the issuer state the name of any director of the issuer who has notified the management in writing that he opposes any action intended to be taken pursuant to the proxy and state that such notification has been received.

Item 5. If the solicitation is made by or on behalf of the management of the issuer and action is to be taken with respect to the election of directors or similar officials--

(A) If the persons solicited have cumulative voting rights, make a statement to that effect.

(B) State the outstanding number of each class of voting securities of the issuer.

(C) If any person holds of record or, to the knowledge of the management, owns beneficially, more than 10% of the outstanding voting securities of the issuer, name such person, state the approximate amount of securities held of record or owned beneficially by such person (whichever amount is the greater) and the percentage of the amount of outstanding voting securities represented by the amount of securities so held or owned. Record holdings may be omitted if the same shares are reported as being owned beneficially.

- (D) If any director or nominee has been or is proposed to be elected pursuant to an arrangement or understanding between any of the persons making the solicitation or the director or nominee and any other person or persons except the director and officers of the issuer acting solely in that capacity, describe briefly such arrangement or understanding.
- (E) Furnish, in tabular form to the extent practicable, the following information with respect to each director of the issuer and each person nominated for election as a director:
- (1) State the principal occupation or employment of such director or nominee and the name of the corporation or other organization, if any, in which such occupation or employment is carried on.
 - (2) State the year in which such director of the issuer first became a director.
 - (3) State, as of the most recent practicable date, the approximate amount of each class of securities of the issuer beneficially owned, directly or indirectly, by such director or nominee. If a director or nominee is not the beneficial owner of any securities of the issuer make a statement to that effect.
 - (4) If more than 10% of any class of securities are beneficially owned by such director or nominee and his associates, state the approximate aggregate amount of each class of securities beneficially owned by such associates, naming each associate whose holdings are substantial.
- (F) Name the persons for whom it is intended that votes will be cast pursuant to the proxy and the term of office for which they are candidates.
- (G) If a nominee has not previously been elected a director by security holders of the issuer, describe briefly the business experience of such nominee during the last five years.
- (H) Describe briefly any interest, direct or indirect, of each person who has acted as a director of the issuer during the past year and each person nominated for election as a director and any associates of such director or nominee in any transaction during the past year or in any proposed transaction to which the issuer or any subsidiary was or is to be a party. No reference need be made to immaterial and insignificant transactions. If the interest was or is to be in the purchase or sale, other than in the ordinary course of business, of property by the issuer or a subsidiary, include a statement of the cost of the property to the issuer or subsidiary and a statement of the cost to the purchaser or vendor.
- (I) Furnish the following information, in tabular form to the extent practicable and on an accrual basis if practicable, for the last fiscal year of the issuer: with respect to (i) each person who has acted as a director during such fiscal year; (ii) each

person nominated for election as director; and (iii) each person who has acted as an officer but not as a director and who has received payments of remuneration totalling more than \$20,000 during such fiscal year:

- (1) (a) State the aggregate amount of remuneration received from the issuer and its subsidiaries, directly or indirectly and (b) describe all transactions involving the receipt of remuneration by such director, officer or nominee from the issuer and its subsidiaries, including the receipt of securities, options and other property for services and the exercise of options previously received for services. If the transactions involve the receipt of securities or the exercise sale or extension of options to purchase securities, the market price of the securities on the date of such transaction shall be stated;
 - (2) If a director, officer or nominee received payments of remuneration totalling more than \$20,000 and if the amount received exceeds the total amount of his remuneration during the previous fiscal year, state the amount of such excess;
 - (3) State the amount paid or set aside by the issuer and its subsidiaries primarily for the benefit of such director, officer or nominee, pursuant to each pension or retirement plan of the issuer and its subsidiaries or other similar arrangement, and the amount of the annual benefits estimated to be payable to such director, officer or nominee in the event of retirement;
 - (4) State the largest aggregate amount of indebtedness of such director, officer or nominee to the issuer and its subsidiaries outstanding at any time during such fiscal year, except indebtedness arising from transactions in the ordinary course of business, the amount thereof outstanding at the end of such fiscal year and the rate of interest paid or charged thereon.
- (J) Furnish, with respect to all the directors and officers of the issuer as a group, information comparable to that required by Paragraph (I) with respect to individual officers and directors.
- (K) State, in tabular form, the number of employees of the issuer and its subsidiaries (other than officers and directors of the issuer) who, during the last fiscal year, received from the issuer and its subsidiaries remuneration in excess of \$20,000 but not more than \$50,000, the number of persons who received remuneration in excess of \$50,000 but not more than \$100,000 and the number of persons who received remuneration in excess of \$100,000, giving the aggregate amount of remuneration paid to the persons in each group.
- (L) Name each person, other than a director, officer or employee of the issuer, whose aggregate remuneration from the issuer, during the last fiscal year exceeded \$20,000 and state the aggregate amount of remuneration received from the issuer during such fiscal year and the capacity in which it was received.

Item 6. If the solicitation is made otherwise than by or on behalf of the management of the issuer and action is to be taken with respect to the election of directors or similar officials--

- (A) Name the persons for whom it is intended that votes will be cast pursuant to the proxy and the term of office for which they are candidates.
- (B) If the persons solicited have cumulative voting rights, make a statement to that effect.
- (C) If a nominee is or, during the last fiscal year, has been a director of the issuer, furnish with respect to such nominee the information called for by paragraphs (D), (E), (H) and (I) of Item 5.
- (D) If a nominee has not previously been a director of the issuer, furnish the information called for by paragraphs (D), (E) and (H) of Item 5 with respect to such nominee and describe briefly the business experience of such nominee during the last five years.

Item 7. If action is to be taken with respect to the election of officers, other than officers who are directors or nominees for election as directors--

- (A) Name the offices to be filled and the persons for whom it is intended that the votes will be cast pursuant to the proxy and the term of office for which they are candidates.
- (B) Describe briefly the business experience of each nominee during the last five years.

Item 8. If action is to be taken with respect to the election of auditors, or if it is proposed that particular auditors shall be recommended for selection by any committee to select auditors for which votes pursuant to the proxy are to be cast--

- (1) Name the auditors.
- (2) Describe briefly any material relationship of such auditors and any associates of such auditors to the issuer and any affiliates of the issuer.
- (3) State, or describe briefly, (A) the name of each nominee for any committee to select auditors for which votes pursuant to the proxy are to be cast, (B) the office, if any, which such nominee holds with the issuer, (C) the approximate amount, as of the most recent practicable date, of each class of securities of the issuer of which such nominee is directly or indirectly the beneficial owner, and (D) any other relationship of such nominee, or any relationship of any associate of such nominee, to the issuer and any affiliates of the issuer which is of a material character. If the nominee is not the beneficial owner of any securities of the issuer, make a statement to that effect.

Item 9. If action is to be taken with respect to any plan providing for remuneration of any director, officer, or employee, or with respect to any other compensation of any director or officer--

- (a) Furnish the following information as to such remuneration plan:

- (1) State the name and position with the issuer of each person eligible to participate in the plan. (As to any of such persons constituting a class, an identification of the class, including the approximate number of its members, will suffice.)
 - (2) Describe briefly the method provided for determining (A) the persons who shall actually participate in the plan and the amount of each participation, and (B) the funds or securities to be distributed under the plan.
 - (3) State (A) the name of each person, or each member of any committee, authorized under the plan to make the determinations described in (2) above, (B) the position with the issuer of each such person or member, and (C) the extent to which each such person or member may share in the plan.
 - (4) Summarize briefly any other material provisions of the plan.
 - (5) Furnish an estimate of the aggregate amount which would have been allocated for distribution under the plan during the last fiscal year of the issuer if such plan had been in effect.
 - (6) If any person who is specified in (3) above or who will be eligible to participate in the plan also has, with respect to any other remuneration plan of the issuer or of any affiliate of the issuer, powers similar to those described in (3) above, or is a member of a committee having such powers, or is eligible to participate in any such other plan, state briefly the general nature of such other plan and the relationship of such person thereto.
- (b) Furnish the following information as to each director or officer who will be eligible to receive under the plan to be acted upon one of the 3 highest amounts to be received by any director or officer under the plan, and as to each director or officer whose compensation is otherwise to be acted upon:
- (1) Name and office.
 - (2) State the aggregate amount of remuneration paid by the issuer and any subsidiaries of the issuer (directly, or indirectly through any affiliate of the issuer or otherwise) to such director or officer in all capacities during the last fiscal year of the issuer. The information should be given on an accrual basis if practicable. Insofar as such information relates to securities, options to purchase securities, or other property given for services, or to options to purchase securities, given for services, which were exercised or sold by the grantee during the last fiscal year of the issuer, or to remuneration paid to partnerships in which such director or officer participated as a member of the partnership, it shall be stated separately.
 - (3) Describe briefly any substantial interest, direct or indirect, of such director or officer or any of his associates in any property acquired within 2 years or proposed to be acquired by the issuer or any of its subsidiaries, other than property acquired in the ordinary course of business or on the basis of bona fide competitive

Item 12. If action is to be taken with respect to any plan involving the modification of any class of securities of the issuer, or the issuance of securities of the issuer in exchange for outstanding securities of the issuer--

(a) State the title of issue and amount of the outstanding securities which are to be modified or exchanged.

(b) In cases of exchange, describe briefly the basis of exchange, including the title of issue and aggregate amount of each class of new securities to be issued in exchange.

(c) Describe briefly any material differences between the outstanding securities and the modified or new securities, in respect of any of the matters concerning which information would be required to be furnished under the caption "Description of Securities" in the appropriate form for registration of such securities on a national securities exchange.

(d) Furnish a brief statement as to dividends in arrears or defaults in principal or interest in respect of the outstanding securities which are to be modified or exchanged, and as to the effect of the plan thereon.

(e) Summarize briefly any other material features of the plan, or, if the plan is set forth in a written document, furnish a copy thereof.

(f) Furnish financial statements such as would presently be required in an original application for registration of securities of the issuer under the Act, except that all schedules other than the schedules of supplementary profit and loss information and the surplus statements or schedules may be omitted. However, any or all of such financial statements which are not material for the exercise of prudent judgment as to the plan may be omitted, if there are set forth the consideration relied upon to justify such omission. In either case, a statement shall be made that financial statements (or further financial statements) of the issuer are on file at the office of the Commission and at the office of the _____ Exchange (naming each exchange).

Item 13. If action is to be taken with respect to any plan of merger or consolidation, or any plan involving (i) the liquidation or dissolution of the issuer, or (ii) the acquisition by any class of security holders of the issuer of securities of another issuer, or (iii) the transfer of all or a substantial part of the assets of the issuer in exchange for securities of another issuer, or (iv) the acquisition, by the issuer, of any other business, including the acquisition of control of another person or the acquisition of securities having a book value on the books of the issuer thereof of more than one-half of the net worth of such issuer (or in the case of evidences of indebtedness, of more than one-half of the sum of the net worth of such issuer and its outstanding funded debt)--

(a) Summarize briefly the material features of the plan, or, if the plan is set forth in a written document, furnish a copy thereof.

(b) Furnish financial statements such as would presently be required in an original application for registration of securities of the issuer under the Act, except that all schedules other than the schedules of supplementary profit and loss information and the surplus statements or schedules may be omitted. However, any or all of such financial statements which are not

material for the exercise of prudent judgment as to the plan may be omitted, if there are set forth the considerations relied upon to justify such omission. In either case, a statement shall be made that financial statements (or further financial statements) of the issuer are on file at the office of the Commission and at the office of the _____ Exchange (naming each exchange).

(c) Furnish the following information as to each person which is to be merged into the issuer, or into or with which the issuer is to be merged or consolidated, or the business of which is to be acquired, or which is the issuer of securities to be acquired by the issuer in exchange for all or a substantial part of its assets or to be acquired by security holders of the issuer:

- (1) Describe briefly the business of such person.
- (2) Furnish financial statements such as would presently be required in an original application for registration of securities of such person under the Act, except that (A) such statements need not be certified, and (B) all schedules other than the schedules of supplementary profit and loss information and the surplus statements or schedules may be omitted. However, any or all of such financial statements which are not material for the exercise of prudent judgment as to the plan may be omitted, if there are set forth the considerations relied upon to justify such omission. In either case, if any financial statements of the person are on file with the Commission or with any national securities exchange, a statement to that effect shall be included. (This paragraph (2) shall not be applicable in the case of (i) a person which is already a totally held subsidiary of the issuer and is included in the consolidated statements of the issuer and its subsidiaries, or (ii) a person which is to succeed to the issuer or to the issuer and one or more of its totally held subsidiaries without any substantial change in capital structure, under such circumstances that form 8-B would be appropriate for registration of securities of such person issued in exchange for listed securities of the issuer.)
- (3) Furnish a brief statement as to dividends in arrears or defaults in principal or interest in respect of any securities of such person, and as to the effect of the plan thereon.
- (4) As to each class of securities of such person which is admitted to dealing on a national securities exchange and which will be involved in or materially affected by the plan, state the high and low sale prices (or in the absence of trading in a particular period, the range of the bid and asked prices) for each quarterly period within 2 years.

(d) As to each class of securities of the issuer which is admitted to dealing on a national securities exchange and which will be involved in or materially affected by the plan, furnish information similar to that required by paragraph (c) (4) above, unless the plan involves merely the liquidation or dissolution of the issuer.

Item 14. If action is to be taken with respect to the acquisition or disposition of any property--

(a) Describe briefly the general character and location of the property.

(b) State the nature and amount of consideration paid or to be paid, or received or to be received, by the issuer; to the extent practicable, summarize briefly the facts bearing upon the question of the fairness of the consideration.

(c) State the name and address of the transferor or transferee, as the case may be, and the relationship of such person to the issuer and to any affiliate of the issuer.

(d) Summarize briefly any other material features of the contract or transaction.

Item 15. If action is to be taken with respect to the restatement of any asset, capital, or surplus account of the issuer--

(a) State the nature of the restatement and the date as of which it is to be effective.

(b) Summarize briefly the reasons for the restatement and for the selection of the particular effective date.

(c) State the name and amount of each account (including any reserve accounts) affected by the restatement and the effect of the restatement thereon.

(d) To the extent reasonably practicable, state whether and the extent, if any, to which, by creation of additional surplus or elimination of charges against income, the restatement will as of the date thereof or in the future make available for distribution to the holders of equity securities of any class funds from the treasury of the issuer which could not otherwise be used for such purpose.

Item 16. If action is to be taken with respect to any report of the issuer or of its directors, officers, or committees, or any minutes of meetings of its directors or stockholders--

(a) State whether or not such action is to constitute approval or disapproval of any of the matters referred to in such reports or minutes.

(b) Identify each of such matters which it is intended will be approved or disapproved, and furnish the information required by the appropriate item or items of this schedule with respect to each such matter.

Item 17. If action is to be taken with respect to any matter not specifically referred to above--

(a) Describe briefly the substance of each such matter in substantially the same degree of detail as is required under Items 5 to 15.

Item 18. If the persons making the solicitation are informed that any other person intends to present any matter for action at any meeting of security holders at which action pursuant to the proxy is to be taken, and if the persons making the solicitation intend that such matter shall not be acted upon pursuant to the proxy, make a statement to that effect, identifying the matter and indicating the disposition proposed to be made thereof at the meeting in the event the disposition thereof is within the control of the persons making the solicitation.

This regulation, as amended, shall become effective January 15, 1943, except as to solicitations commenced prior to that date by persons who released definitive material in connection with the last annual meeting of security holders prior to January 15, 1942.

For IMMEDIATE Release Friday, February 5, 1943

SECURITIES AND EXCHANGE COMMISSION
Philadelphia

SECURITIES ACT OF 1933

Release No. 2899

SECURITIES EXCHANGE ACT OF 1934 ✓

Release No. 3380

HOLDING COMPANY ACT OF 1935

Release No. 4099

INVESTMENT COMPANY ACT OF 1940

Release No. 446

The Securities and Exchange Commission today made public an extract from a letter of Baldwin B. Bane, Director of its Corporation Finance Division, to an officer of a corporation who had inquired whether the Commission considered the company's annual report to security holders to be a part of the proxy soliciting material which, under the provisions of Rule X-14A-4 of the General Rules and Regulations under the Securities Exchange Act of 1934, is required to be filed with the Commission. The text of the extract from the Director's letter follows:

"The rules in Regulation X-14 provide in effect that no proxy solicitation relating to a meeting of security holders at which the election of directors is an item of business shall be made by the management of the issuer unless each person solicited is concurrently furnished or has previously been furnished with an annual report to security holders containing such financial statements for the last fiscal year as will, in the opinion of the management, adequately reflect the position and operations of the issuer. The rules further require that copies of the annual report to stockholders must be mailed to the Commission in order that it may check compliance with the rule. You inquire whether the reports thus mailed are considered by the Commission to be material 'filed' with the Commission within the meaning of Section 18 of the Act and therefore to be subject to the liabilities imposed by that section.

"We do not regard the copies of annual reports so mailed to the Commission to be proxy solicitation material 'filed' with the Commission or subject to the proxy rules or to the liabilities of Section 18 of the Act except in cases in which the issuer specifically requests that it be treated as part of the proxy soliciting material or in cases in which it is incorporated in the proxy statement by reference. This is so whether the annual report is sent to the persons solicited and to the Commission in advance of the proxy statement or concurrently with it."

For IMMEDIATE Release Wednesday, February 17, 1943

SECURITIES AND EXCHANGE COMMISSION
Philadelphia

SECURITIES EXCHANGE ACT OF 1934 ✓

Release No. 3385

HOLDING COMPANY ACT OF 1935

Release No. 4117

INVESTMENT COMPANY ACT OF 1940

Release No. 448

The Securities and Exchange Commission today made public excerpts from letters of Baldwin B. Bane, Director of the Corporation Finance Division, to officers of corporations who had asked for interpretation of certain provisions of the amended rules in Regulation X-14 relating to the solicitation of proxies.

The first excerpt refers to paragraph (H) of item 5 of Schedule 14A which reads as follows:

"Describe briefly any interest, direct or indirect, of each person who has acted as a director of the issuer during the past year and each person nominated for election as a director and any associates of such director or nominee in any transaction during the past year or in any proposed transaction to which the issuer or any subsidiary was or is to be a party. No reference need be made to immaterial and insignificant transactions. If the interest was or is to be in the purchase or sale, other than in the ordinary course of business, of property by the issuer or a subsidiary, include a statement of the cost of the property to the issuer or subsidiary and a statement of the cost to the purchaser or vendor."

The definition of the term "associate" in Rule X-14A-9, which is referred to in the Director's letter, reads as follows:

"The term 'associate', used to indicate a relationship with any persons, means (1) any corporation or organization (other than the issuer or a majority owned subsidiary of the issuer) of which such person is an officer or partner or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities, (2) any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, and (3) any relative or spouse of such person having the same home as such person."

The Director's comment on this item follows:

"In general, the following principles should be observed in preparing the information called for by paragraph (H) of item 5.

"The word 'interest' means a material interest. In determining the materiality of a person's interest, the scope of the definition of the word 'associate' in Rule X-14A-9 may be considered as indicating the type of interest in respect of which information should be furnished. For example, the fact that a director of the issuer is also a director

of another company is not enough of itself to establish the materiality of his interest in transactions between the two companies. On the other hand, if the director of the issuer were an officer or holder of 10% or more of the stock of the other company, his interest in transactions between the two companies should be disclosed unless the transactions were immaterial and insignificant.

"Your letter sets out a list of transactions between your company and other companies or firms in which a director of your company is a director or partner of the other party to the transaction. If the director's interest in the transaction arises merely from the fact that he is a director of the other company, it appears in the light of the principles stated above that no mention of the transaction need be made. However, in commenting on your questions I shall assume that your director is an officer, partner or 10% stockholder of the other party to the transaction.

"Your list is as follows:

- "1. A bank which makes commercial loans to the company at the going rate of interest and also issues Letters of Credit, etc. at the going rate.
- "2. An insurance company which issues policies of Marine Insurance in the usual form and at the usual rates.
- "3. An industrial company from which the Company makes purchases of machinery, equipment or supplies.
- "4. A law firm which is employed on an annual basis to handle various legal matters.
- "5. A tenant at a substantial rent of part of an office building owned by a subsidiary of this company.
- "6. A railroad over which this Company ships most of its products.
- "7. A telegraph company.
- "8. A telephone company.
- "9. An electric light company.
- "10. A sales agent for one particular line of fabrics in one city.

"I believe that a director's interest in transactions with the companies referred to in 7, 8 and 9 need not be referred to under paragraph H if the transactions involved the ordinary services rendered by such companies and the services were rendered at the usual and regular rates. If the transactions involved extraordinary, unusual or special services and were not immaterial and insignificant, the interest of directors in them should be disclosed.

"Directors' or their associates' interest in transactions with the companies referred to in 1 to 5, inclusive, and in 10 should be disclosed unless the transactions were immaterial and insignificant.

"If a choice between two or more carriers is available to the company in determining the route over which its products should be shipped I should consider that the director's interest in the transactions referred to in 6 should be disclosed unless the transactions were immaterial and insignificant.

"The description of the transaction and of the director's interest in it should be brief. Details such as the dollar amount involved and and the precise terms of the arrangements need not be stated."

To another inquiry regarding the same provision of the rule, the Director wrote as follows:

"You state that a director of the issuer is an officer of a banking institution with which the company may have funds on deposit, or which may act as trustee under a mortgage or other indenture, or as transfer agent of stock, or as registrar with respect to outstanding stocks or bonds. You ask whether the director's interest in these transactions should be disclosed under item 5 (H).

"Where a director of the issuer is an officer of a banking institution which during the period covered by the statement has rendered services as trustee under a mortgage or other indenture, the existence of such relationship should be disclosed unless the whole matter is immaterial and insignificant. Directors' interests in the other transactions mentioned in this item need not be disclosed."

Another excerpt refers to the paragraph (I) (3) of item 5 which requires in respect of each director, nominee, or person who has acted as an officer but not as a director and who has received remuneration in excess of \$20,000 during the fiscal year, a statement of -

"the amount paid or set aside by the issuer and its subsidiaries primarily for the benefit of such director, officer or nominee, pursuant to each pension or retirement plan of the issuer and its subsidiaries or other similar arrangement, and the amount of the annual benefits estimated to be payable to such director, officer or nominee in the event of retirement."

The Director's comment on this paragraph follows:

"You state that your employees' retirement plan provides for contributions to the retirement fund both by the employees and by the company. The amount of retirement benefits, if any, which a particular officer or director will receive will depend upon his continuance in the company's employ until he reaches retirement age and upon the amount of his salary in future as well as past years. In view of these uncertainties and of the fact that his retirement benefits will result in part from his own contributions, you suggest that you should not include in the tabulation called for by item 5 (I) the estimate of annual retirement benefits specified in paragraph (3) thereof.

"I think you should include the required estimate in the tabulation, computing it upon the assumption that an employee will continue in the employ until normal retirement age at his present salary and explain in a footnote the assumptions upon which the estimate is based. The footnote may also include a statement to the effect that part of the sum is attributable to the employee's own contributions."

The following excerpt refers to paragraph (L) of item 5 which calls for the name of each person other than a director, officer or employee of the issuer whose aggregate remuneration from the issuer exceeded \$20,000, the amount received by each such person and the capacity in which it was received.

"You point out that paragraph 5 (L) of item 5 of Schedule 14A is substantially the same as item 11 of Form 10-K, the form on which the company files its annual report with the Exchange and with the Commission under the Securities Exchange Act of 1934. You ask whether the instructions as to item 11 of the Instruction Book for Form 10-K may be used as a guide in determining what disclosure should be made in the proxy statement under item 5 (L).

"Item 5 (L) is intended to elicit information similar to that required to be given under item 11 of Form 10-K and the instructions as to that item may properly be used as a guide in the preparation of that part of the proxy statement."