



SECURITIES INDUSTRY ASSOCIATION

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April 5, 1977

EDWARD I. O'BRIEN  
President

Honorable Harrison A. Williams, Jr.  
Chairman, Subcommittee on Securities  
Committee on Banking, Housing, and Urban Affairs  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman:

I am writing to comment on amendments to Title II of S. 305 which I understand are being considered for presentation at the mark-up session for this bill.

The amendments would replace the current sections 201, 202, and 203 of Title II and would, in effect, create a new general ownership reporting and disclosure requirement. Section 13 (d) of the Securities and Exchange Act of 1934 would not be changed; rather a new section 13 (g) would be added to that Act. This new section would establish a universal reporting requirement at the 5% threshold for all holders of record, beneficial owners (as defined by the Commission) or others with an interest in a security registered pursuant to section 12 of the Securities and Exchange Act of 1934. This ownership report would have to be filed with both the issuer and the Commission, and it would require a disclosure of the identity, residence, and citizenship of the beneficial owner, or any other person who has an interest in that security. It is our understanding that this new section contains broad exemptive powers including general exemption for all those currently filing under 13 (d).

Additionally, we understand that the Commission will be directed to complete a study of all the ownership requirements in the Securities Act, to analyze their effectiveness and to analyze the 5% threshold for reporting under section 13 (d) and proposed section 13 (g). The Commission will also be required to establish central reporting of all ownership disclosures, and to integrate and tabulate these disclosures, and to make them available to the public.

The Securities Industry Association favors the 5% reporting threshold and believes that the problems with Title II which we identified in our testimony will be avoided at that level of reporting. Moreover, the study proposed will provide the essential first step in solving the problems described in Senator Metcalf's testimony at the hearings.

Thank you for considering our views.

Sincerely yours,

A handwritten signature in dark ink, appearing to read 'Edward I. O'Brien', written in a cursive style with a long horizontal flourish at the end.

Edward I. O'Brien  
President

mjf