

National Association Of Wholesaler-Distributors
Washington, D.C.

October 28, 1981

Mr. John S. R. Shad
Chairman
Securities and Exchange Commission
500 North Capitol Street
Washington, DC 20549

Dear Mr. Shad:

On behalf of the National Association of Wholesaler-Distributors and the entire wholesale distribution industry, I wish to express our strong support for your efforts to reduce the regulatory and reporting requirements for private small issue placement as proposed in Regulation D.

With inflation and high interest rates consuming earnings that otherwise would be used for operations, small closely held businesses are exploring other more non-traditional methods of capital formation.

The securities area is one of those options. However, the regulatory and reporting requirements of the securities laws and the related compliance costs place that option out of the reach of the small, closely-held wholesaler-distributor. NAW is extremely encouraged by the SEC's regulatory implementation of the Small Business Investment Incentive Act through Regulation D. This effort evidences the sensitivity of the SEC to the rather unique capital formation characteristics of closely-held businesses.

This effort, combined with legislative initiatives that would provide incentives for broker-dealer after market activities for closely-held stock and the creation of new hybrid equity paper such as the participating debenture, will go a long way toward fully realizing this important capital formation option for small businesses.

NAW is a federation of 120 national associations representing all commodity lines, with an aggregate membership of 45,000 small- to medium-sized, closely-held wholesaler-distributor corporations.

Again, your efforts are appreciated.

Sincerely,

John H. Fitch, Jr.
Vice President
Government Relations