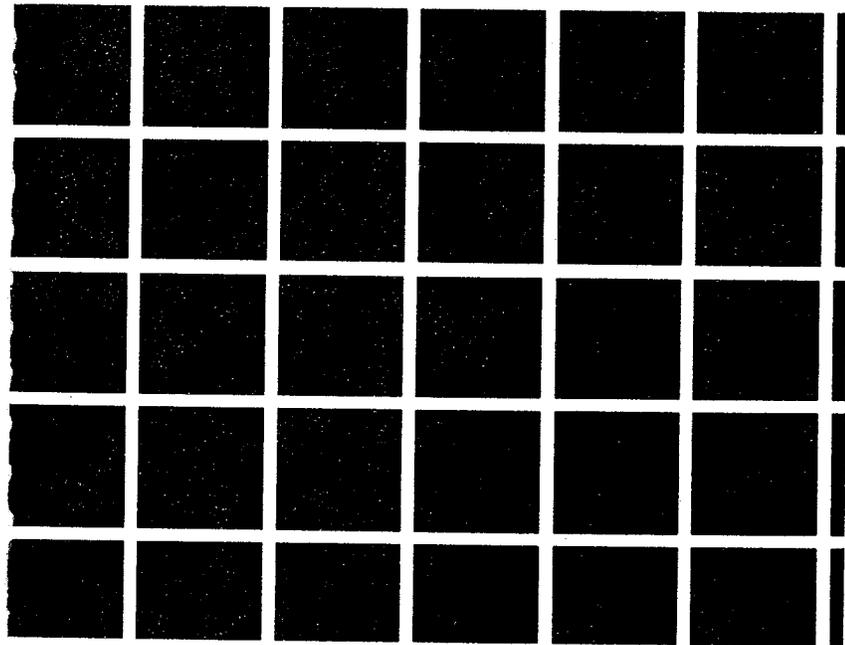


***“ Electronic filing
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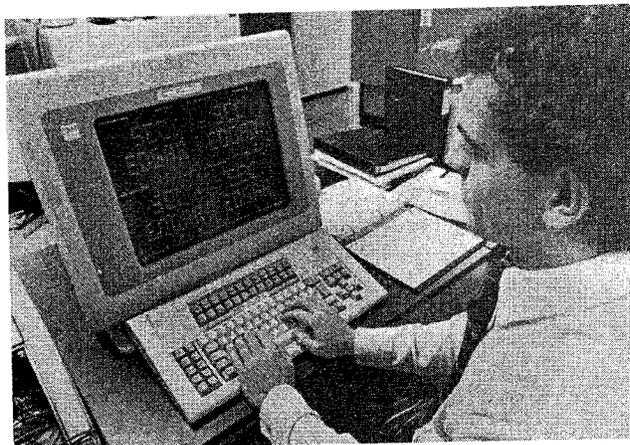


U. S. Securities and Exchange Commission

EDGAR



Introduction

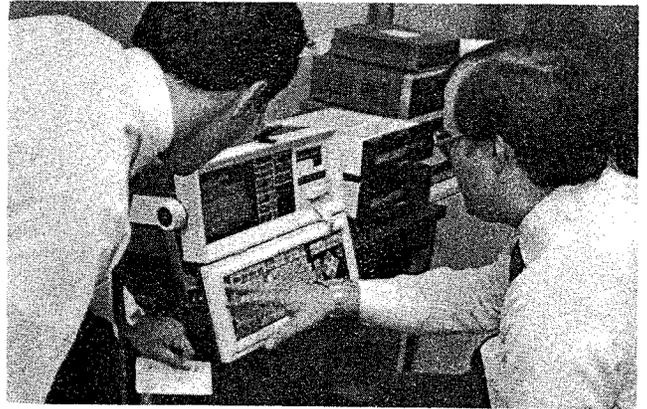


The Electronic Data Gathering, Analysis and Retrieval system (EDGAR), begun by the U. S. Securities and Exchange Commission on September 24, 1984, will improve the efficiency, accuracy and speed with which the Commission provides the corporate disclosure information necessary for informed investment decisions. The system will eliminate most of the 5 million pieces of paper currently filed each year with the SEC, replacing them with an electronic receipt, processing and dissemination system. Information received through that system will be in a machine-readable format that can be quickly disseminated and analyzed by the financial community and institutional and individual investors alike.

Today, the EDGAR pilot project is accepting filings from volunteers, ranging from industrial companies to financial institutions to high-technology concerns to utilities across the United States. Up to 1,000 volunteers will be included before the operational stage begins in 1986. The operational system will be capable of accepting and disseminating electronically virtually all documents filed by publicly-held entities in the United States. This instantaneous dissemination will revolutionize the manner in which investment decisions are made.

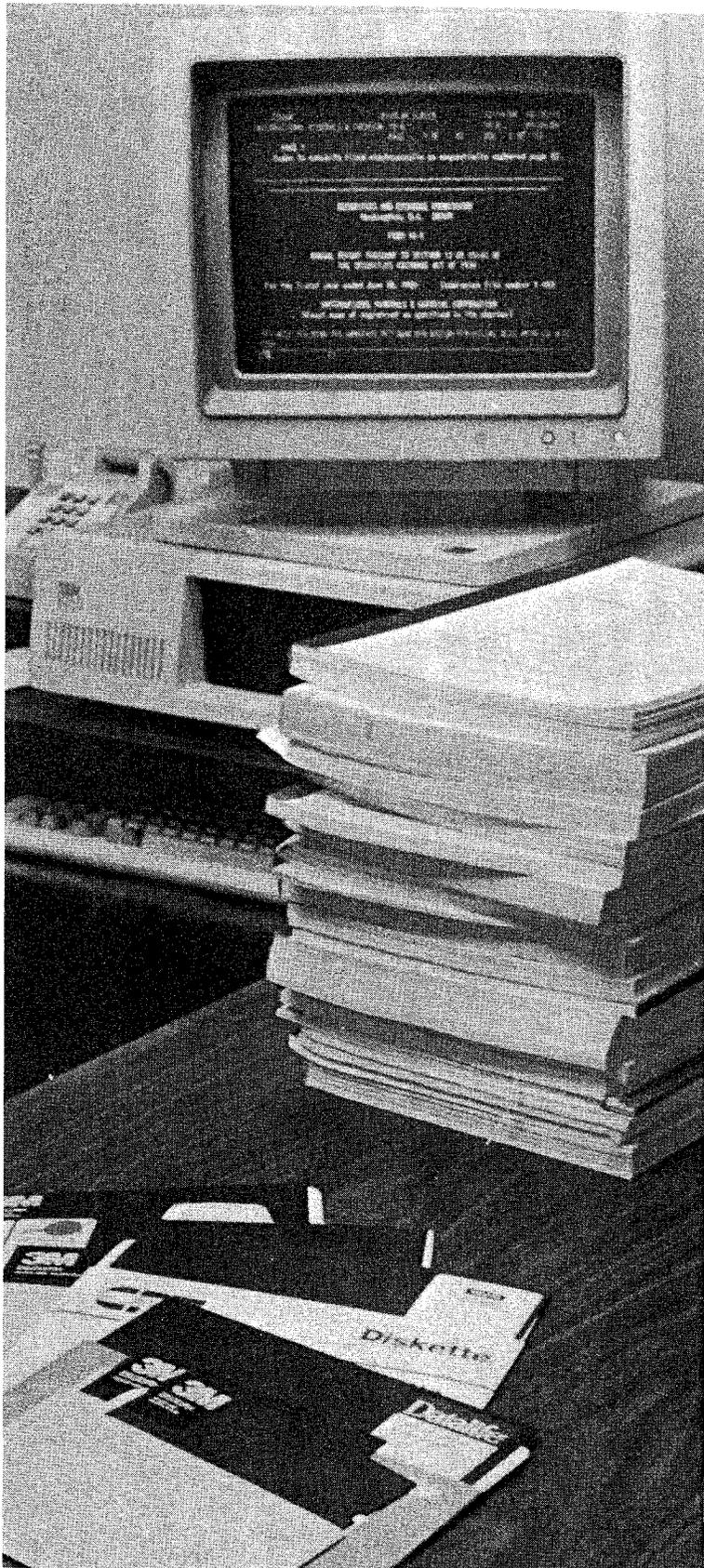


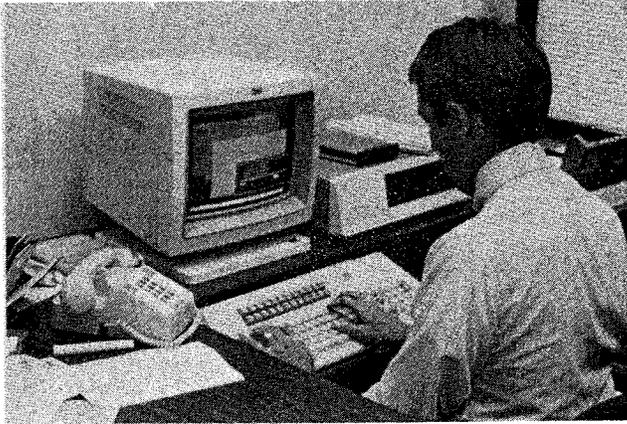
Development



The EDGAR pilot project was developed by a task force of Commission employees in various disciplines -- Corporation Finance, Information Systems Management, Public Reference, and Document Control. Under the leadership of SEC Chairman John S.R. Shad, that task force, formed in September 1983, conceived the EDGAR project, determined its feasibility, developed the funding specifications and was instrumental in selection of the contractor for development of the pilot project. On May 1, 1984, the Commission announced that a group headed by Arthur Andersen & Co.'s management consulting group, with IBM and Dow Jones & Co. as subcontractors, had been awarded the contract for the pilot project. The pilot project is being funded by Congressional appropriation; private-sector funding for the operational system will make EDGAR self-sustaining.

The task force that began the EDGAR project is today responsible for implementation of the system; its members work with volunteer companies to help ensure a successful transit to electronic filing.





Today, a typical EDGAR workload day may include receipt of 10-Ks (annual reports), 10-Qs (quarterly reports), 8-Ks, S-3s, and post-effective amendments to certain Securities Act registration forms.

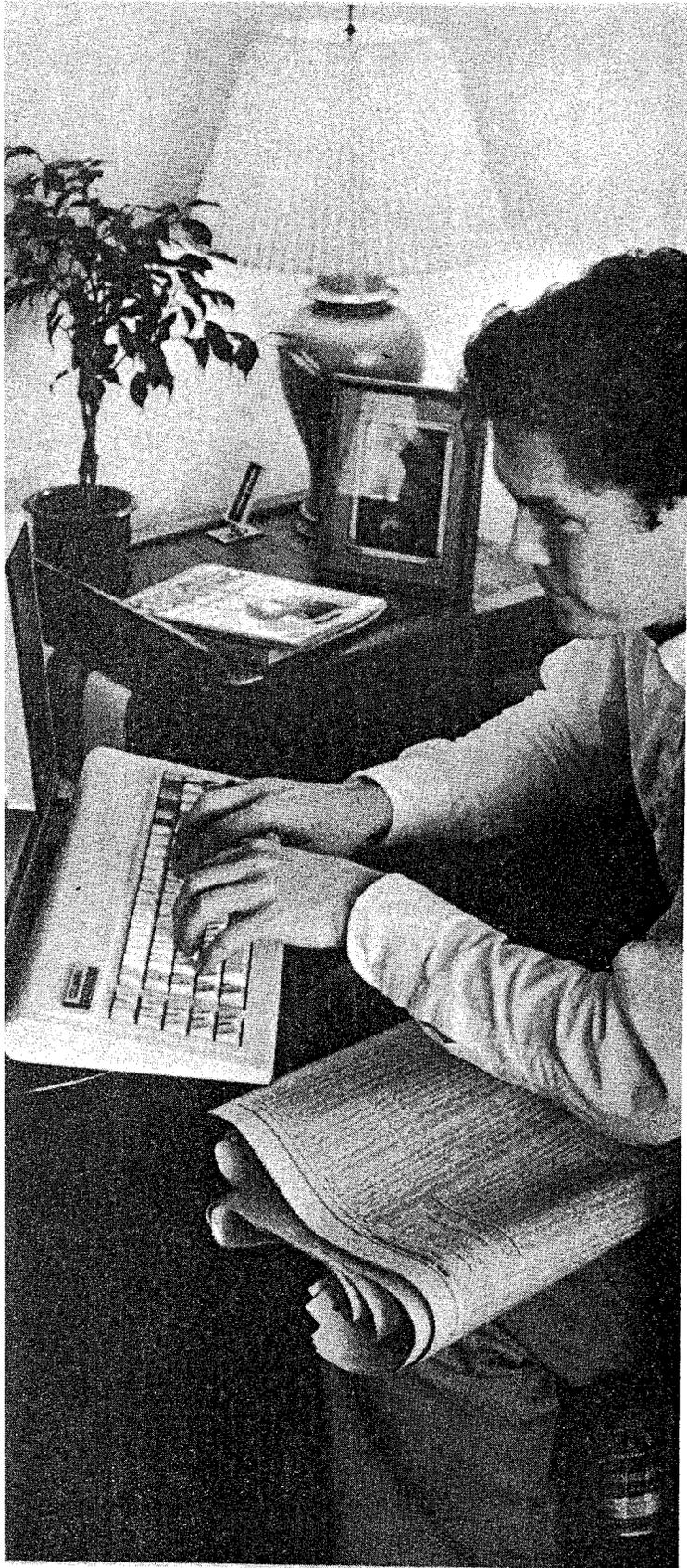
These documents may be filed in one of three ways. Direct transmission over phone lines using modems is fastest and most efficient. Documents also may be delivered on magnetic tape or on diskettes produced by over 75 types of word processors/personal computers.

Receipt, acceptance, and review of electronic filings is the same as for paper filings, except that the electronic processing is more efficient.

- Receipt of information is fast, secure and certain;
- Acceptance is faster, and thus, for some filings, so is effectiveness;
- Review, done at computer workstations, is more efficient, with quicker access to filings and reference

to external data bases. (Criteria for review is the same as for non-electronic filings: probability of review is equal for paper and for electronic filing).

Dissemination of electronic filings is virtually instantaneous. They are transmitted electronically to EDGAR terminals in the Public Reference Rooms in Washington, New York and Chicago as they are accepted, thereby decreasing substantially the time that elapses between receipt and dissemination. This decrease will eventually revolutionize the manner in which investment decisions are made and carried out, as investors, financial analysts and other financial intermediaries obtain virtually instantaneous information on Commission filings.



Recent Additions

The scope of the EDGAR pilot project has expanded significantly as a result of lessons learned during its first year of operation. The additional features include benefits for other Commission program areas and improvements in the systems functions. These expanded capabilities are in three areas:

- Filings made by firms registered under the Investment Company Act of 1940 may now be received electronically by the Division of Investment Management. These include:
 - Form N-SAR
 - 1933 Act and 1934 Act submissions
- Filings made under the Public Utility Holding Company Act are also being received and processed electronically
- Processing functions for all analysts have been greatly strengthened with the addition of:
 - key word searching



- creation of an electronic file folder to maintain all documents associated with a filing or registrant
- a link to existing SEC systems
- electronic mail capabilities for transmitting comments to issuers

Handling the Form N-SAR has been approached in a manner very different from other filings. A programmed disk was created by the SEC and sent to filers. The disk permits filers to be prompted on filing questions and to then be able to strip out the answers and transmit only this data in a formatted stream. This approach for this particular filing dramatically reduces the volume of data being handled.

Improved dissemination of financial information will facilitate and stimulate entirely new processes for investment decisions and for capital formation. Individual and institutional investors, financial intermediaries such as broker-dealers and financial analysts, and issuers of corporate securities alike will be affected by, and ultimately benefit from, the expansion of EDGAR.

Expansion plans are both immediate and long-term. Immediate plans include:

- expansion of communications, to facilitate acceptance of different kinds of filings;
- a joint program with state securities administrators to give them access to filings in the EDGAR system, providing one-stop filing for issuers of new securities;
- cooperative efforts with the nation's securities exchanges; and



- increased access to internal and external data bases, to improve efficiency of review and comment.

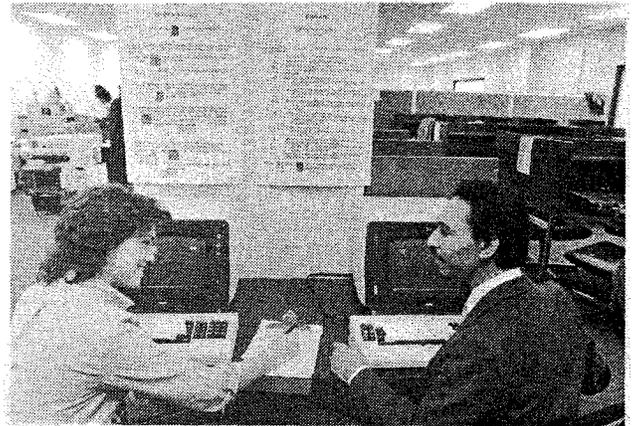
Long term plans call for:

- increase in the number and kinds of publicly-held entities that file on the EDGAR system;
- addition of other Commission filings to the system; and
- instantaneous dissemination to the public of all filings with the Commission.

Addition of these capabilities, input from volunteer companies and the experience of the SEC's EDGAR experts will be integrated to produce the final configuration of the operational system, beginning in 1986.

Industry-wide implementation of the EDGAR system, planned to coincide with the growth of home computers from 5 million today to over 50 million within 5 years, will revolutionize the manner in which investment decisions are made and implemented.

Companies who file disclosure information with the Commission will find that their financial information is disseminated rapidly, completely and broadly. This expansion of the availability of information could impact favorably the liquidity of markets for securities of large and small companies alike.



For participants in the financial markets, the eventual benefits of EDGAR will be dramatic. The Commission's plans call for the raw data from the EDGAR system to be made available (through a vendor or vendors) to entities that will, for fees, provide analyses of data tailored to specific investment objectives. Analyses could be as sophisticated as, for example, collecting and showing on computer screens all stocks that closed at less than 7 times earnings which yield over 6%, sell at discounts from book value and have low debt-equity ratios, within specified industries. Using that data, investors can assess investment opportunities and, even, conceivably, execute decisions via computers as well.

Institutional and individual investors alike can keep pace with today's domestic capital markets and tomorrow's internationalized ones.



The EDGAR Team



The EDGAR team can provide both general information and specific expertise on various aspects of the system. For further information, call or write the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549.

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