

MEMORANDUM

January 16, 1986

TO : Chairman Shad
FROM : John Huber *JH*

At the January Division Directors' meeting as well as in a memorandum to Richard Ketchum, Gary Lynch and me dated December 18, 1985, you indicated you would like to meet with representatives from Canada and the U.K. in the spring to discuss steps that could be taken toward further harmonization. Rick, Gary and I responded to your memorandum on January 6, 1986.

In order to implement the approach suggested in our memorandum, I am attaching a letter, to be signed by you, suggesting a May meeting of agency heads and also suggesting a staff level meeting in March. As the letter indicates, at the March meeting one day would be devoted to efforts to arrive at an agreement at the staff level on the contents of disclosure documents, following the reciprocal approach, which could be used for rights offerings, exchange offers and debt offerings by world class issuers. On the other day, the staff could focus on further development of information sharing with respect to market surveillance and enforcement investigations.

The second meeting, in May, would include the heads of the appropriate agencies in Ontario, Quebec and the United Kingdom. This meeting would consider the disclosure documents developed in March and, if possible, announce an agreement to begin the regulatory process in each of the countries to permit the use of such documents. It might also be possible to announce the adoption of surveillance agreements with respect to exchange traded securities. Matters suggested by the other participants could also be included on the agenda of the May meeting.

I would suggest that a representative from the North American Securities Administrators Association (NASAA) be invited at least to the March meeting and possibly to the May meeting as well. It is essential for us to have the support and cooperation of the states if our efforts to facilitate multinational offerings are to be successful. Further, NASAA has requested that it be allowed to participate in developing disclosure standards in this area.

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The attached letter could be sent to:

Ontario

Stanley M. Beck
Chairman
Ontario Securities Commission

Quebec

Paul Guy, Chairman
Commission de Valeurs Mobilieres

United Kingdom

Michael Howard
Parliamentary Under Secretary of State
for Corporate and Consumer Affairs in the
Department of Trade and Industry

We might also want to invite representatives from the Bank of England and the U.K. Securities Investment Board. If you agree with our suggested approach, we will talk to Bryan Hilton in the U.K. to determine whether it would be appropriate to invite representatives of these two organizations and, if so, to whom the letters should be addressed.

cc: L. Quinn
R. Ketchum
G. Lynch

The Honorable Stanley M. Beck
Chairman
Ontario Securities Commission
Suite 1800, Box 55
20 Queen Street West
Toronto, Ontario M5H 3S8

Dear Chairman Beck:

As you know, the Commission issued concept releases on the facilitation of multinational offerings and internationalization of the world securities markets last spring. As a follow-up to the releases, we would suggest that representatives of Canada, the United Kingdom and the United States meet to determine what steps could be taken toward further harmonization.

Our idea would be to schedule two meetings. The first would be a two day staff meeting on March 18 and 19, 1986. One of these days could be devoted to efforts to arrive at an agreement at the staff level on the contents of disclosure documents, following the reciprocal approach, which could be used for rights offerings, exchange offers and debt offerings by world class issuers. On the other day, the staff could focus on further development of information sharing with respect to market surveillance and enforcement investigations.

The second meeting would involve heads of the appropriate agencies in Ontario, Quebec and the United Kingdom who would meet on May , 1986. This meeting could consider the disclosure documents developed by our staffs in March and, if possible, announce an agreement to begin the regulatory process in each of our respective countries to permit the use of such documents. It might also be possible to announce the adoption of surveillance agreements with respect to exchange traded securities. We would welcome your suggestions for other matters to be included on the agenda.

The Honorable Stanley M. Beck
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Please communicate your views concerning this approach to John Huber. If you agree, please inform him of the persons who will be able to attend the March and May meetings.

We are enclosing a copy of the summary of comments we received on each of our concept releases. We hope these will be helpful to you and your staff in preparing for the meetings.

I am looking forward to seeing you in May.

Sincerely yours,

John Shad

Enclosure

cc: Ermanno Pascutto
Ontario Securities Commission