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NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC./
 U.S. SECURITIES AND EXCHANGE COMMISSION
 1987 CONFERENCE ON FEDERAL-STATE SECURITIES REGULATION

FINAL REPORT

North American Securities
Administrators Association, Inc.
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U.S. Securities and
Exchange Commission
Washington, D.C. 20549

April 1987

TABLE OF CONTENTS

	<u>Page</u>
I. Summary	1
II. Reports of the Working Groups	
A. Corporation Finance	4
B. Investment Management	10
C. Market Regulation and Oversight	19
D. Enforcement	24
III. Exhibits	
A. List of Witnesses and Commentators	
B. List of NASAA and SEC Participants	

I. Summary

The U.S. Securities and Exchange Commission ("SEC") and the North American Securities Administrators Association, Inc. ("NASAA") recently completed their annual two-day meeting, which was held this year in Baltimore, Maryland on April 7-8, 1987. The Baltimore meeting was the fourth conference conducted pursuant to Section 19(c) of the Securities Act of 1933 which calls for the SEC to hold an annual conference to carry out the policies and purposes of such subsection. 1/

As in 1986, representatives from securities associations, securities self-regulatory organizations, agencies and private organizations involved in capital formation as well as the general public were invited to submit their views regarding matters of federal and state securities regulation in written comment letters and in oral statements at a public hearing jointly conducted by NASAA and the SEC prior to the conference. Three commentators submitted written comments and five witnesses made oral presentations at the hearings.

1/ The declared policy of Section 19(c) is that there should be greater federal and state cooperation in securities matters, including: (1) maximum effectiveness of regulation; (2) maximum uniformity in federal and state regulatory standards; (3) minimum interference with the business of capital formation; and (4) a substantial reduction in costs and paperwork to diminish the burdens of raising investment capital, particularly by small business, and to diminish the cost of administration of the government programs involved. The purpose of Section 19(c) is to engender cooperation between the SEC and the state regulatory authorities in the following areas: (1) the sharing of information regarding the registration or exemption of securities issues applied for in the various states; (2) the development and maintenance of uniform securities forms and procedures; and (3) the development of a uniform exemption from registration.

which were held in Washington, D.C. on March 16, 1987. The written comments and the texts of the oral presentations were furnished to conference participants and provided a basis for discussion at the conference. 2/

Approximately 60 persons from NASAA and 40 SEC representatives attended the Baltimore meeting. 3/ On Tuesday, April 7, 1987, F. Daniel Bell, III, President of NASAA, and SEC Commissioner Aulana L. Peters, in their capacities as co-chairs, opened the conference, welcomed participants and emphasized the importance of implementing the conference's goals. After this brief opening session, the participants separated into four working groups, with each group discussing topics relating to only one general subject area. The subjects discussed were in the areas of corporation finance, market regulation and oversight, investment management and enforcement.

During the working group sessions, NASAA and SEC representatives described the current status of various state and federal regulatory efforts as well as planned rulemaking and regulatory activity. Each group identified areas in which federal-state cooperation would be beneficial and developed ideas or plans for better cooperation, coordination and communication. The reports of the working groups are included in Section II.

2/ The transcript from the public hearing, written texts of the oral presentations and comment letters are publicly available for inspection in File No. S7-3-87. The witnesses at the public hearing and commentators are listed in Exhibit A.

3/ Conference participants from NASAA and the SEC are listed in Exhibit B.

A plenary session was held on the second day to hear reports from the working groups and discuss topics of interest to all the working groups, namely Edgar-the SEC's electronic filing system, and cooperative training efforts. In addition, two resolutions were submitted to and approved by conference participants, as follows:

The Conference urges that the securities markets promptly develop a common approach to shareholder voting rights, which, at a minimum, ensures that existing shareholders are not disenfranchised. In addition, the Conference recognizes the states' legitimate concern that such an approach be developed before further considering marketplace exemptions from securities registration requirements.

The Conference supports the idea of the SEC's entering the CRD for registration of broker-dealers. The Conference also supports the concept of an electronic clearinghouse for investment advisers and their agents. Representatives of the SEC and NASAA at the Conference agree to work jointly in implementing the development of the adviser/agent registration system.

The format for the 1988 NASAA/SEC Conference also was discussed at the plenary session. The consensus of the participants was that self-regulatory organizations ("SROs") should not be invited to attend the 1988 Conference. However, alternatives for their participation such as public hearings or separate meetings would be considered by the planning group for the next annual conference.

II. Reports of the Working Groups

A. Corporation Finance

The group began its session with a discussion of recently proposed Rule 701 which would provide an exemption from registration for certain employee benefit plans. The SEC staff summarized the comment letters received to date and noted that many letters recommended that Rule 701 be opened to encompass the sale of securities to independent contractors, agents and service providers in addition to employees. NASAA representatives advised that, while most states exempt offerings pursuant to employee benefit plans, the majority of these exemptive provisions do not exempt sales to consultants. In those few states which have exempted sales to consultants, the number of consultants who can be covered by a plan has been severely restricted. The states suggested that consultants should remain excluded from the proposed rule or, if the staff is persuaded to open the rule to include consultants, the number of consultants should be limited to only a small number.

The SEC staff then summarized proposed revisions to Regulation D and the comment letters received to date. NASAA representatives voiced no substantial problems with the proposed changes. The staff noted that one reason for considering eliminating \$150,000 purchasers from the definition of an accredited investor is that the category permits a natural person with as little as \$750,000 of net worth to become

accredited with a purchase of \$150,000 whereas to accredit a natural person for a smaller purchase a net worth of \$1 million is required. The staff noted that most comment letters recommended that \$150,000 purchasers be retained as accredited investors. NASAA suggested that the staff may eliminate the anomaly by keeping the \$150,000 purchaser category but limiting its use to non-natural persons. The SEC staff agreed to consider this option in formulating its recommendations to the Commission about adopting the final revisions to Regulation D.

The SEC staff asked NASAA for its thoughts on whether a substantial or good faith compliance standard should be available in Regulation D offerings. NASAA representatives generally opposed a substantial or good faith compliance standard. Certain states noted that such a standard would instill uncertainty in Regulation D, which was adopted in part to provide specific standards which, if met, would assure issuers of a federal exemption. NASAA advised that its Committee on State/Federal Coordination will review the concept of substantial or good faith compliance in detail, along with the rest of the Regulation D proposals, and provide the SEC staff with their comments.

The recently adopted revised Form D was discussed next. The SEC staff urged that NASAA formally endorse the revised Form D at its spring meeting which was to immediately follow the Baltimore conference.

The group's discussion turned to the status of the 1986 concept release which sought information and suggestions as to other appropriate criteria for entry into and exit from the Exchange Act reporting system. The SEC staff reported that the comment letters provided little factual data upon which to base any criteria changes and that the University of Southern California currently is conducting a study to provide the Commission with data to evaluate whether additional and/or different criteria are appropriate. The staff indicated that this study would be made publicly available and committed to provide NASAA with the results of the study as soon as possible following completion of the study.

The states inquired whether the Commission could separate for identification purposes Section 12(g) registrants into voluntary and mandatory registrants. The states noted that this information would expedite enforcement of certain state regulations which require a waiting period of up to 120 days for a secondary trading exemption if the company is registered voluntarily under Section 12(g). The staff noted that Exchange Act reporting forms including Form 10 currently do not require registrants to indicate whether they are mandatory or voluntary registrants and that to change the forms would require rulemaking activity. The staff agreed to consider the suggestion in connection with its future rulemaking activity.

A number of questions regarding the Division's disclosure policy were raised by the NASAA representatives. In order to aid in consistent processing standards, the SEC staff urged state examiners who have questions or comments on a specific registration statement to contact the Division's branch chief who has the responsibility for processing the filing. Further, the staff agreed to make arrangements to provide the states with the public portions of the Division's Disclosure Practices Manual and other manuals which describe the staff's positions regarding many issues of disclosure policy.

The last item discussed in the initial session was blank check offerings. The SEC staff reported that its Directorate of Economic and Policy Analysis currently is conducting a study of blank check offerings.

The next session opened with a discussion of the use of Stanger ratings in registration statements for limited partnerships. NASAA representatives advised that NASAA would meet with Mr. Stanger at its spring meeting in Washington, D.C. immediately following the Baltimore meeting. SEC staff members agreed to attend the NASAA discussions with Mr. Stanger.

The next item for discussion was takeover regulations. A SEC representative summarized the comment letters received

on the 1986 Commission concept release regarding takeovers and also gave a synopsis of a recent interpretive release concerning changes in and waivers of conditions to tender offers.

Some concern was expressed over a perceived erosion of stockholder rights as evidenced by recent state legislation concerning the indemnification of directors and officers and the elimination of directors' liability and by the authorization and issuance of common stock with unequal voting rights. The meeting participants discussed these concerns and the appropriate roles of federal and state regulators in addressing them.

Recent and planned rulemaking by the Division of Corporation Finance was discussed following the takeovers discussion. Proposed Rule 430A, relating to pricing amendments, and proposed revisions to Rule 174 were summarized. Several state representatives indicated that the prospectus delivery periods in Rule 174 should not be shortened without clear empirical data that the current prospectus delivery system is not needed to ensure that investors receive full and complete information. The SEC reported that its Directorate of Economic and Policy Analysis is conducting a statistical study of trading volume and price movement following effectiveness of registration statements in order to determine

the appropriate length for any shortened prospectus delivery period. SEC representatives also indicated that the Division is considering a rulemaking initiative to simplify Form S-8, the registration form for securities to be offered pursuant to certain employee benefit plans.

The working group concluded its afternoon session with a discussion of multinational securities offerings. The staff summarized the reciprocal prospectus approach currently under consideration by the Division. Under such approach, certain offerings by United Kingdom and Canadian companies could be made in the U.S. through the use of a prospectus meeting U.K. or Canadian standards, respectively. As presently formulated, the approach would be limited to offerings of investment grade debt by world class issuers and rights and exchange offerings to U.S. shareholders who in the aggregate hold no more than a certain level of ownership in a U.K. or Canadian company. The staff requested the state representatives to support the adoption of a blue chip exemption from state registration requirements for offerings by foreign issuers which would be covered by a federal reciprocal prospectus rule, when adopted.

B. Investment Management

The Investment Management Working Group met for a total of 3 sessions. The minutes of these sessions are set forth below on a topic by topic basis.

Federal Exemptive Rules for Investment Advisers

The group discussed the possibility of rulemaking under the Investment Advisers Act of 1940 ("Advisers Act") to exempt certain smaller investment advisers from the Advisers Act's registration requirements, but not the antifraud prohibitions, if the advisers are registered in all the states in which they do business. An exemption of this kind would place primary regulatory responsibility for such advisers with the states. The NASAA group members reported that a recent survey of NASAA members indicated states had some reservations over the desirability of any exemption, in part because of the possibility of staffing shortages and training needs at the state level, but that the results of the survey had not yet been reviewed by NASAA. Kathryn McGrath indicated that a recommendation on this issue must be made to the Commission by August and asked NASAA to review its recent survey and provide its views to the staff as soon as possible.

Joint Commission--State inspection of Investment Advisers

The group discussed the joint training program established in 1984 whereby Commission personnel provide training to and conduct joint inspections with state personnel in states establishing programs to inspect the books and records of advisers. Commission regional office personnel and examiners in these states now also share information on a routine basis on the number, type and results of examinations that are conducted by the Commission and each such state. All agreed that the training program, in which approximately 20 states have participated, has been successful. However, NASAA representatives indicated that Commission staff inviting state personnel to participate in a Commission inspection of a registrant should try to give the state sufficient notice of the scheduled inspection so that state personnel can make arrangements to participate.

The group also discussed the constraints imposed by Section 210(b) of the Advisers Act which provides that the staff cannot disclose the fact that an examination or investigation under the Advisers Act is being conducted, or the results of or any facts ascertained during any such examination or inspection without Commission approval. The SEC staff pointed out that approval has been obtained from the Commission to permit the staff to share such

information with the states participating in the joint training and inspection program. SEC staff encouraged additional states to request to participate in the program. Commissioner Peters indicated that she would recommend Commission endorsement of a legislative proposal under Section 210(b) to remove the current statutory bar. NASAA and SEC participants indicated that they would review ways to encourage more cooperation in this area.

Establishment of an Investment Adviser
Self-Regulatory Organization

Given the large growth of investment advisers, including financial planners, the establishment of a self-regulatory organization to administer proficiency standards, conduct routine inspections and discipline its members has been considered. The group discussed the concept of adviser self-regulation and the NASD Pilot program to explore the possibility of the NASD serving as a SRO for NASD members that are also registered as investment advisers. Although the NASD has indicated that such NASD dual registrants would only account for approximately 11% of the total investment adviser population, it was stated that if advisers associated with NASD members were included, this percentage would rise

to approximately 49%. The group as a whole generally supported, or did not object to, consideration of an SRO, but recognized that the specific operational details concerning an SRO must receive greater attention before any final decisions can be made.

Financial Planner Study

SEC staff reported on the Investment Adviser/Financial Planner study the Commission is conducting at the request of the House of Representatives Subcommittee on Telecommunications, Consumer Protection and Finance. A primary question is whether the existing systems of regulation provided by the securities laws are effective in dealing with the conflicts of interest faced by planners that sell products to clients. Because there is little available published data about abuses involving financial planners, the SEC representatives asked that the states send the Commission staff information about administrative, civil or criminal proceedings involving financial planners.

Investment Advisers Act Rel. No. 770

Investment Advisers Act Release 770 currently presents the Division of Investment Management's views on the applicability of the Investment Advisers Act of 1940 to financial planners. Revisions to the release to update and clarify it are being developed jointly by Commission staff and NASAA representatives so the release can also serve as a statement of the

views of NASAA and various states on the application of state adviser laws in this area. The group generally supported the joint issuance of Release 770. It is expected the revised draft will be presented to NASAA members and the Commission for consideration this summer.

United Kingdom/Investment Adviser Issues

The SEC staff reported on regulatory issues raised by representatives of the United Kingdom concerning institutional investors in the United States being advised about foreign securities by advisers that register in the United States but are based in the United Kingdom. The issue of how the various jurisdictions should regulate multinational advisers was discussed. The staff stated that it might be possible for the foreign regulator of an adviser based in a foreign country to act as the primary regulator due to the logistical problems U.S. regulators face in inspecting multinational advisers. The group as a whole recognized that the "internationalization" of investment advisers is an area that will continue to grow and that will require further attention by both the states and the SEC.

Central Registration Depository

The group discussed the desirability of using a central processing system to register investment advisers with the

Commission and the states. In this regard, and in conjunction with the market regulation group, the following resolution was submitted to, and passed by, the Conference at the plenary session:

The Conference supports the idea of the SEC's entering the CRD for registration of broker-dealers. The Conference also supports the concept of an electronic clearinghouse for investment advisers and their agents. Representatives of the SEC and NASAA at the Conference agree to work jointly in implementing the development of the adviser/agent registration system.

Briefing by NASAA: Model Amendments of the
Uniform Securities Act of 1956

Orestes Mihaly discussed the model investment adviser amendments to the Uniform Securities Act of 1956 adopted by NASAA in November 1986. The adviser amendments have been introduced in a number of state legislatures, and have been passed with minor revisions in Virginia. A set of uniform adviser rules and regulations designed to implement the model law has been submitted to the NASAA members for comment, and would be issued for public comment soon. The rules in large part will track the Advisers Act rules.

Performance-based fees

A NASAA representative requested information on Commission experience with performance-based advisory fees. SEC staff presented an overview of the Advisers Act prohibition on advisory fees based on a share of capital gains or appreciation

in a client's account and Rule 205-3, adopted by the Commission in 1985, to permit advisers to receive performance fees under certain circumstances. The number of advisers using performance fees in reliance on the rule is small and, to date, from a compliance point of view, the staff has not detected any problems associated with those performance-based fees. Many state adviser laws prohibit performance fees and any performance fees paid by plans subject to the Employee Retirement Income Security Act (ERISA) would have to comply with ERISA's fiduciary standards. In this regard, it was noted that the Department of Labor recently issued two advisory opinions permitting payment by ERISA plans of performance-based compensation to investment managers in certain circumstances.

Investment Company Issues

The SEC staff informed the working group of the Commission's recent reproposal of Form N-7, a new form for the registration of unit investment trusts and their securities under the federal securities laws. After briefly summarizing the format of Form N-7, the staff requested that the states review the form and, in particular, requested state consideration of whether the Commission should develop a continuous or delayed offering rule for unit investment trusts. Kathryn McGrath suggested that the states and the SEC should explore the possibility of adopting uniform unit investment

trust registration statements. The use of uniform registration statements for all types of investment companies also was discussed.

Edgar

SEC staff reported on the status of the Commission's Edgar Pilot program, an electronic disclosure system. The Commission expects a contract award for the operational system sometime this year. The operational contractor will be expected to work with the states to coordinate state participation in the Edgar program. The SEC system is scheduled to be completely operational by 1991, at which time all registrants will be required to file electronically. Because it is hoped that the states will eventually participate in the Edgar system, NASAA members and the states were encouraged to review and comment on the rules that will govern the operation of Edgar as they are proposed. Mr. Mihaly indicated that NASAA's CRD committee would be the appropriate committee to review any such proposed Edgar rules. The Regulated Industries Committee should also be involved.

Proposed Rule 206(4)-4/IA Rel. No. 1035 (Sept. 19, 1986)

SEC staff informed the working group of the Commission's recently proposed rule regarding an investment adviser's fiduciary obligation to disclose material facts to clients

about any precarious financial condition and certain disciplinary events. The staff of the SEC agreed to work with NASAA's form committee if Commission adoption of the rule would require any amendments to uniform Form ADV.

Mutual Fund Advertising

The SEC staff informed the working group of the Commission's recently proposed rule and form changes, IC Rel. No. 15315 (Sept. 25, 1986), to, among other things, standardize the computation of mutual fund performance data in advertisements and sales literature. After a brief discussion of this proposal, the group discussed the SEC staff's current position regarding the use of performance data derived from an investment adviser's private client accounts in investment company prospectuses.

C. Market Regulation

The group began its deliberations with a discussion of the developments of one share/one vote. The SEC staff provided the historical background beginning with the NYSE's proposal to substitute shareholder approval for its current one share/one vote standard. The SEC staff complimented NASAA's appearance at the December hearings and indicated their appreciation of NASAA's opinions and positions on one share/one vote. It was noted that the NASD has recently prepared a statement supporting one share/one vote with very broad exemptions.

SEC staff reported that the American and New York Stock Exchanges along with the NASD currently are discussing a uniform standard for voting rights with the various marketplaces. Such an approach would focus on attempting to identify situations in which shareholders could be disenfranchised. Accordingly, initial public offerings which included dual class securities with non-voting or limited voting stock would be allowed.

A lively discussion ensued concerning the public's perception of common stock. NASAA members pointed out that the public perceives common stock as having voting rights. The individual investor does not, even if the investor receives a prospectus, understand that there

may not be a voting right attached to the common stock purchased. Most attendees felt that agents did not disclose the nature of the voting rights of the stock issued. Disclosure options were discussed. The Province of Ontario, Canada offered several suggestions concerning disclosure standards in Canada. Ontario requires a majority of the minority shareholders to approve a change in voting rights/standards.

The status of the NMS exemption was discussed. The NASD presently is lobbying for the exemption in Ohio, California, Virginia, Wisconsin and Iowa. The AMEX has opposing lobbying efforts. NASAA members see this issue as strongly linked to the issue of one share/one vote.

As a result of the discussion, the group proposed the following resolution to the Conference:

The conference urges that the securities markets promptly develop a common approach to shareholder voting rights, which, at a minimum, ensures that existing shareholders are not disenfranchised. In addition, the conference recognizes the states' legitimate concern that such an approach be developed before further considering marketplace exemptions from securities registration requirements.

Ellen Seidman and Ann Munson from the Treasury Department discussed registration requirements under the Government Securities Act of 1986 and indicated that government securities

dealers must be registered by July 25, 1987. Many of Treasury's proposed rules track SEC rules that apply to broker/dealers. Treasury has limited rule-making authority in four areas: financial responsibility, possession or control of customer funds or accounts, record keeping requirements and reporting and auditing standards.

NASAA members discussed notification to government securities dealers of state registration requirements. The staff asked that NASAA provide a list of the states that require broker/dealer registration for government securities dealers. The staff agreed to give the states a list of government securities dealers of which they are aware.

The group discussed several issues concerning the internationalization of the securities markets. One of the concerns of NASAA members is the registration of foreign broker/dealers. The SEC staff is working on a release involving the use of U.S. dealer affiliates in lieu of registration of foreign broker/dealers. NASAA members asked that the release discuss state registration requirements. NASAA members feel that a mutual release would be much more effective in educating foreign broker/dealers as to state registration requirements. The SEC staff agreed to consider a proposed mutual release.

The group discussed bank securities activities after the demise of Rule 3b-9. The SEC staff indicated that they have not seen a withdrawal of those bank affiliates who voluntarily registered. Approximately 175 to 220 affiliates voluntarily registered. The staff also updated the immobilization of securities issue and asked NASAA members to cooperate with efforts to achieve this goal.

Mark Fitterman, Lewis Brothers and Ralph Lambiase discussed training for state broker/dealer examiners. They reported that 15 slots are available for training of advanced examiners in mid to late September. Training for new examiners is planned for August 2-5 in St. Louis, Missouri. The details of both training sessions will be forthcoming and offered according to standard NASAA policy. Both SEC and NASAA staff members will serve as faculty members for the training session. The staff asked for candid feedback after the training. NASAA members indicated that NASAA is committed to this type of training on a long-term basis.

The CRD and forms revisions were discussed. NASAA members indicated that the NASAA Board has approved a system-wide audit of CRD and Plato. Jim Meyer reported on the progress of Phase II of CRD. The group discussed electronic filing and registration and filing of ADV and ADV registered representatives. Bob Lewis reported that amendments to Forms BD, BDW and

U-4 are to be considered at NASAA's spring meeting. These changes resulted from discussions with SEC staff and the SROs. The group's discussions on CRD and further discussions with the investment management group resulted in the following joint resolution which was submitted to the Conference:

The Conference supports the idea of the SEC's entering the CRD for registration of broker-dealers. The Conference also supports the concept of an electronic clearinghouse for investment advisers and their agents. Representatives of the SEC and NASAA at the Conference agree to work jointly in implementing the development of the adviser/agent registration system.

D. Enforcement

The Enforcement working group was chaired by Gary Lynch (Director, SEC Division of Enforcement) and Royce Griffin (Commissioner, Colorado Division of Securities). Set forth below is a summary of the topics and issues covered, pursuant to a prepared agenda, during the group's meeting. Each topic was introduced by a 4-5 minute briefing by assigned individuals from the SEC and NASAA.

WORKING RELATIONSHIPS. The Enforcement working group began its session with an extended and candid discussion concerning the working relationships between the respective state securities offices and enforcement personnel in SEC offices and access to information obtained in SEC investigations. It was noted that the SEC has recently revised its access-requesting procedures in an effort to expedite staff responses. Correspondence will be sent to the states within the next several weeks, briefly describing the new procedures.

JOINT TASK FORCE. The status of the SEC-NASAA-NASD joint enforcement task force against fraudulent practices by penny broker-dealers was reviewed. It was the consensus of the task force participants present at the session that the effort was a worthwhile endeavor and that a number of enforcement actions will result.

BROKER-DEALER EXAMINATIONS. The subject of state access to NASD broker-dealer examinations was discussed. It was noted by some states that the NASD was insensitive to detecting or reporting violations of the Blue Sky laws to state administrators. It was urged that SEC staff raise the issue with the NASD. The NASAA co-chair of the working group stated that federal legislation may be necessary.

INVESTOR COMPLAINTS. The SEC director in charge of investor complaints stated that last year the SEC received 25,000 such complaints, which constituted a 12% increase from the previous year. The SEC staff is working on a standard investor complaint. California's standard form was made available to the SEC. Each six months, Florida and Illinois Blue Sky offices are receiving SEC computer print-outs which reflect complaints received from residents of the respective states concerning activities of securities firms located in the respective states. This service is a product of last year's 19(c) conference and is offered to any state securities administrator interested in receiving such information. The SEC staff also offered to make available to the states the SEC information-for-investors circulars.

FINANCIAL PLANNERS. An extended discussion ensued concerning unregistered financial planners and whether there were any widespread fraudulent activities or other problems warranting enforcement attention. It was noted that the proliferation

of financial planners may be significantly affected by the substantially decreased availability of tax shelters due to the Tax Reform Act. The SEC study of registered financial planners, mandated by Congress, will be completed by September 30, 1987.

OTHER TOPICS. The remainder of the Enforcement working group discussions dealt with the following topics:

- special supervisory procedures levied by the states concerning past violators;
- internationalization of the securities markets;
- bankruptcy blocks against enforcement actions seeking monetary relief;
- selling cases to criminal prosecutors;
- broker-dealer independent contractors;
- random audits of IPOs. It was announced that NASAA recently published an investor alert concerning blind pool offerings; and
- SRO policing of private placements.

SRO PRESENCE. Discussion also took place concerning a procedural matter, namely, whether to invite representatives of the self-regulatory organizations to half a day of next year's 19(c) conference. It was determined to raise the issue during the plenary session's scheduled discussion of the format for next year's conference.

EXHIBIT A

WITNESSES AT THE JOINT NASAA/SEC
HEARING

F. Lee Liebolt, Jr.
Chairman, State Regulation of Securities Committee
American Bar Association *

Mary K. Bellamy, Associate General Counsel
Investment Company Institute

Ray Cocchi, Vice President, Congressional
and State Liaison
Gerard Foley, Vice President, Membership and
Administration
National Association of Securities Dealers

James A. Francis
Chairman, State Regulation and Legislation Committee
Securities Industry Association

Frank S. Swain
Chief Counsel, Office of Advocacy
U.S. Small Business Administration

*/ Testimony of the Chairman and various officers of
the State Regulation of Securities Committee of the
Section of Corporation, Banking and Business Law.
The testimony did not represent the official
position of the Committee, the Section or the ABA.

COMMENTATORS

Stanley H. Breitbard, CPA
Chairman, Personal Financial Planning Executive
Committee
American Institute of Certified Public Accountants

M. David Hyman
Managing Director
Bear, Stearns & Co. Inc.

Robert J. Birnbaum
President and Chief Operating Officer
New York Stock Exchange, Inc.

EXHIBIT B

NASAA/SEC CONFERENCE

April 7-8, 1987

Co-Chairs: F. Daniel Bell, III, President of NASAA
SEC Commissioner Aulana L. Peters

Working Group Assignments
NASAA Representatives

Corporation Finance

Goettsch, Craig, Iowa, Co-Chairman	Fischer, Jim, Wisconsin
Baker, Jerry, California	Harrington, Peter, Massachusetts
Bodkin, Jill, British Columbia	Holdeman, Mark, Ohio
Bryant, Susan, Oklahoma	Prosper, Peyton, Mississippi
Chizmar, Michael, Illinois	Rittenhouse, Susan, Maryland
Cote, Roland, Quebec	Schumann, Randy, Wisconsin
Diamond, Steve, Maine	Tyson, Carl, Michigan

Enforcement

Griffin, Royce, Colorado, Co-Chairman	McDonald, Bill, California
Bortner, Deborah, Washington	Mitchell, Bill, Tennessee
Carroll, Larry, Alaska	Perkins, John, Missouri
Donegan, Susan, Vermont	Salter, Charles, Ontario
Feigin, Phil, Colorado	Schuyler, Steve, Maine
Hiatt, Jack, New Mexico	Weber, Marty, New York
Lackowicz, Paul, Alberta	Whitescarver, Jim, D.C.
Long, Joseph, Univ. of Oklahoma	Zoeckler, Max, Virginia

Investment Management

Latham, Richard, Texas, Co-Chairman	McCafferty, Sarah, Maryland
Baldwin, John, Utah	Mihaly, Orestes, New York
Bell, F. Daniel, North Carolina	Nobles, Anne, Indiana
Bender, Christine, California	Tanji, Henry, Hawaii
Beyers, Jack, Washington	Ussery, Frank, Alabama
Brady, Anne Marie, Wisconsin	Wigginton, Merrill, Prince Edward Island
Klein, Wayne, Idaho	Wilder, Eric, Connecticut
Lam, Robert, Pennsylvania	

Market Regulation

Meyer, James, Tennessee, Co-Chairman	Kahrl, Clyde, Ohio
Bollinger, Debra, South Dakota	Lambiase, Ralph, Connecticut
Brothers, Lewis, Virginia	Lewis, Bob, Virginia
Burke, Nancy, Oregon	Lewis, Stan, South Carolina
Chorle, Erhard, Illinois	Mays, M. Douglas, Kansas
Fergels, Dan, Delaware	Payne, Ulice, Wisconsin
Gross, Esther, Arizona	Quiles, Fidencio, Puerto Rico
Howell, Wayne, Georgia	

SEC Representatives

Division of Corporation Finance

Quinn, Linda C., Director, Co-Chairman
Beach, Mary E.T., Associate Director
O'Brien, Karen M., Attorney, Office of Small Business Policy
Osheroff, Mauri L., Deputy Chief Counsel
Reynolds, John D., Special Counsel, Office of Small Business Policy
Sirignano, David A., Chief, Office of Tender Offers
Walter, Elisse B., Deputy Director
Wulff, Richard K., Chief, Office of Small Business Policy

Division of Enforcement

Lynch, Gary G., Director, Co-Chairman
Allen, Stuart, Special Investigator
Ferrigno, Thomas, Assistant Director
Parker, Phillip, Chief Counsel
Rusch, Al, Senior Counsel

Division of Investment Management

McGrath, Kathryn, Director, Co-Chairman
Gohlke, Gene, Associate Director
Harman, Thomas, Chief, Office of Policy and Disclosure Adviser Regulation
Roene, Mary Joan, Deputy Director
Komoroske, John, Special Counsel to the Director
Podesta, Mary, Chief Counsel
Smith, Tom, Attorney, Office of Chief Counsel
Vertuno, Anthony, Senior Special Counsel, EDGAR IM Project

Division of Market Regulation

Ketchum, Richard, Director, Co-Chairman
Ackerson, Sarah, Assistant Director
Becker, Brandon, Associate Director
Bergmann, Larry, Assistant Director
Colby, Robert, Chief Counsel
Fitterman, Mark, Associate Director
Kallman, Jonathan, Assistant Director
Kramer, Howard, Assistant Director
Shea, Dennis, Assistant Director

Office of General Counsel

Fienberg, Linda, Associate General Counsel
Taylor, Brent, Attorney

Office of Consumer Affairs and Information Services

Westbrook, Bonnie, Director

Regional Offices

Bookey, Jack, Regional Administrator, Seattle Regional Office
Browne, Chris, Regional Administrator, Fort Worth Regional Office
Clarkson, Jim, Director, Regional Office Operations
Einhorn, Irving, Regional Administrator, Los Angeles Regional Office
Kennedy, Cliff, Regional Administrator, Philadelphia Regional Office
Scarff, Doug, Regional Administrator, Boston Regional Office
Wolensky, Michael, Regional Administrator, Atlanta Regional Office