An analysis of the federal securities act of 1933.

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THESIS

AN ANALYSIS OF THE FEDERAL SECURITIES ACT OF 1933

BY

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submitted in partial fulfilment of
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In partial fulfilment of the requirements for the degree of Master of Business Administration, I am submitting the accompanying thesis on the subject of: An Analysis of the Federal Securities Act of 1933.

It is the purpose of this thesis to analyze an act passed by Congress to compel issuers of securities, insofar as these issuers come under the provisions of the Securities Act, to file registration statements wherein the issuers record full information about this particular establishment and the securities to be issued. This information varies according to the type of the business but in general it includes a description of the issuer, an analysis of the securities outstanding or to be issued, details pertaining to the underwriting of an issue, exhibits of documents bearing upon the proposed issue, and exhibits of the most recent financial statements. It should be clearly understood that the Act does not exist for the purpose of informing the investing public as to what issues they should place their money in. The Act exists only for the purpose of having every prospective issuer of securities place the
truth of their company and the particular issue of securities, under the penalty of incurring liability, before those who constitute the investing public. On the basis of such information, those desiring to invest their money must judge for themselves as to the worth of a particular security.

This Act has served a great purpose thus far because it has removed from the mind of the prospective investor any doubt as to whether or not the information furnished to him by the issuing company is correct.

Because of the fact that the Securities Act is of comparatively recent origin, there has not been published any great amount of material concerning it. The main source of my information has been the daily editions of the New York Times from the date the Act was first mentioned in this newspaper, which was March 24, 1935, through the edition of December 31, 1935. An average of one article a day has appeared in this paper concerning the Act in this period of time.

I have also received information pertaining to the Securities Act of 1933 from Francis P. Brassor, Secretary to the Securities and Exchange Commission. It was through Mr. Brassor's kindness that I was able to procure a most complete set of registration forms included in Appendix II of my thesis. In none of the publications to date on this Act has there appeared more than one of these forms. The seventeen registration statements which I have explained in my thesis constitute, I
believe, the entire set-up for registration purposes devised by the Securities and Exchange Commission.

I have had the pleasure of hearing three people best informed concerning the Securities Act speak in connection with it. These three individuals are Dr. James M. Landis, present chairman of the Securities and Exchange Commission which administers the Act; Judge John J. Burns, counsel to the Commission; and the Honorable Joseph P. Kennedy, former chairman of the Commission.

I sincerely hope that this analysis of the Act will demonstrate the great value resulting from this measure which gives the vast investing public of our country a degree of confidence in investing never before possessed by them in the history of investment banking. I firmly believe that my analysis will enlighten all who read it as to the operation and merits of the Act.

Grateful acknowledgment for assistance in typing and proof reading this thesis is expressed to Mrs. Lillian M. Fairchild and Miss Gretchen Perry, of the Fairchild Office School.

Paul W. Glennon

February, 1936
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CHAPTER I

A BRIEF RESUME OF EARLY SECURITY LEGISLATION
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A BRIEF RESUME OF EARLY SECURITY LEGISLATION

The Federal Securities Act of 1933 is a response to a serious need. It represents a belated attempt to curb the abuses of speculation which, because of the lack of the necessary legislation, had reached great proportions. The problems of attracting many millions of dollars of savings from the rich and poor and of safeguarding these sums when invested in multifarious types of establishments has faced government authority since the advent of the corporation. The problem has been particularly pressing during periods of business and financial panics.

Protection of investors has a long legislative history behind it in all sections of the world. England was perhaps the first country to take steps in respect to security regulation. As early as the late 17th century, in 1696, commissioners appointed to look into the trade of England reported as follows:

"The pernicious Art of Stock-jobbing hath, of late, so perverted the End and Design of Companies and Corporations, erected for the introducing or carrying, of Manufacturers to be the Private Profit of the first Projectors, that the Privileges granted to them have, commonly, been made no other Use of, by the first Procurers and Subscribers, but to sell again, with Advantage, to ignorant Men, drawn in by Reputation, falsely raised, and artfully spread, concerning the thriving State of their Stock. Thus the first Undertakers, getting
quit of the Company, by selling their Shares for much more than they are really worth, to Men allured by the noise of great profit, the Management of that Trade and Stock comes to fall into unskillful Hands; whereby the Manufacturers, intended to be provided by such grants, and put into the Management of Companies, for their better Improvement, come, from very promising Beginnings, to dwindle away to nothing, and be in a worse Condition than if they were perfectly left free, and unassisted with such Laws, or Patents; an Instance, whereof, we humbly conceive, is to be found in the Paper and Linen Manufacturers, which, we fear, feel the Effects of this Stock-jobbing Management, and are not in so thriving a Condition as they might have been, had they not fallen under this kind of Misfortune."

The South Sea Bubble, which was a name given to a series of financial projects which originated with the incorporation of the South Sea Company, led to the first real legislation in England pertaining to speculative undertakings. The South Sea Company was formed in 1711 and was granted a monopoly of the British trade with South America and the Pacific islands. The company was highly successful and with the king its governor, it proposed to the government in 1719, through its board of directors, that if certain concessions were granted to it (the company) by the government, to take over the whole of the national debt (£ 51,300,000) and to pay £ 3,500,000 for this privilege. The aim of the directors was to persuade the annuitants of the State, who held the

major portion of the debt, to exchange their annuities for South Sea stock; the stock would be issued at a high premium and thus a large amount of annuities would be purchased and extinguished by the issue of a comparatively small amount of stock. Moreover, when this process had been carried out the company would still receive from the Government a sum of about £ 1,500,000 a year in interest. The offer was accepted in 1720, the company having raised its bid to £ 7,567,000 in competition with the directors of the Bank of England.

In a few weeks the company had persuaded over one-half of the Government annuitants to become shareholders in the company. The stock of the company kept rising steadily, and when the new scheme was launched, the public purchased it eagerly. The stock rose from 128½ in January to 890 in June and in July it reached 1000. At this tremendous premium the directors sold five millions of stock. The tremendous success of the company produced many imitations—many of them hoaxes—and the wild speculation which followed involved the numerous honest companies in disaster. In August the fall began in the price of the South Sea stock. By November it had fallen to 135, and in four months the stock of the Bank of England fell from 263 to 145. Thousands were ruined, and many who were committed to heavy payments fled from the country. A committee of secrecy of the House of Commons reported in February, 1721. The books of the company contained fictitious entries, and it was shown that favors secured from the government had been purchased by
gifts to ministers, some of whom had also built up large fortunes by speculating in the stock of the company.

After this great "bubble" had burst, Parliament, in latter part of 1720, passed the so-called "Bubble Act."

Its provisions were so severe, aiming at the suppression of all joint-stock trading, that it remained a dead-letter until after the Napoleonic Wars when the mania for speculation again gave rise to fraudulent stock jobbing. Subsequent legislation gradually withdrew the sting of the Act and it was finally repealed in 1825. However, corporations grew and along with such growth there was a need for suitable control. In 1844 a Select Committee on Joint Stock Companies produced a report under the chairmanship of Gladstone who was the Tory President of the Board of Trade.

The committee, having conducted the desired investigation, stated that the investing public must have sufficient knowledge and insight pertaining to security issues. "Periodical accounts, if honestly made and fairly audited, cannot fail to excite attention to the real state of a concern; and by means of improved remedies, parties to mismanagement may be made more amenable for acts of fraud and illegality." "The early publication, resulting from registration of ...... prospectuses and circulars, will doubtless be useful in controlling ...... undertakings at their outset ......" ¹ The Companies Act of 1844 contained therein the recommendations of the Gladstone Committee for registration of prospectuses. Unfortunately, Gladstone's

insistence on the importance of periodical accounts has as yet not been fully accepted even in British practice, nor was complete disclosure of the essential facts in the offering circular made obligatory in English law for many years. The English Companies Act of 1844 was only a beginning. It introduced compulsory disclosure of the facts but it was deficient in many respects. Twenty years had elapsed before the law provided any requirements as to the contents of the prospectuses. By the Companies Act of 1867 the prospectus had to disclose every contract made previous to the issue of a prospectus. This provision of the law, however, proved of no value because subscribers were permitted to waive compliance with it.

These attempts at security legislation all proved inadequate. In 1900, another Companies Act was provided and it made necessary thorough going specific disclosures, defined in the Act, and without right of waiver of compliance, had to be furnished by the prospectus. These requirements came into the English law as the result of authoritative inquiries into the workings of the previous companies acts. In this respect, Lord Davey's Committee reported as follows:

"..... it must be generally acknowledged that a person who is invited to subscribe to a new undertaking has practically no opportunity of making any independent inquiry before coming to a decision. Indeed, the time usually allowed between the issue of the prospectus and the making of an application does not permit of any real investigation. The maxim of Caveat Emptor has in the opinion of your
Committee but a limited application in such cases.

"It is therefore of the highest importance that the prospectus upon which the public are invited to subscribe shall not only not contain any misrepresentation but shall satisfy a high standard of good faith. It may be a counsel of perfection and impossible of attainment to say that a prospectus shall disclose everything which could reasonably influence the mind of an investor of average prudence. But this in the opinion of your Committee is the ideal to be aimed at, and for this purpose to secure the utmost publicity is the end to which new legislation on the formation of companies should be directed."

The many disclosures requested by this act, however, were considered mischievous and of little practical benefit to the public. This was the opinion of the Council of the Incorporated Law Society which sat in 1905 under the chairmanship of Lord Louburn. The Society recommended a number of minor changes which were incorporated in the Companies Acts of 1907 and of 1908.

In 1918, the Lord Wrenburg Committee recommended no changes in the prospectus law while the Greene Committee in 1916 stated that the law in existence then pertaining to prospectuses was satisfactory, but added:

"No evidence was given before us to justify any relaxation of the law in this respect except in one minor particular .... The statutory requirements are strict and in some cases no doubt may prove unnecessarily onerous,

but we consider that the public should continue to receive the protection which it at present enjoys."

The Committee reported that the law relating to prospectuses instead of being relaxed should be strengthened saying:

"We consider that the public is entitled to be told the facts which are obviously most relevant for it to know. Their suppression is calculated to mislead the unwary and although instances may occur where non-disclosure might be justified in view of some exceptional circumstance, we think that even here the public has a right to a full disclosure upon which it can form its own judgment." ¹

Accordingly, the Committee recommended the inclusion of additional data regarding dividends and earnings and strongly urged that the use of "abridged prospectuses" be abolished entirely. These recommendations were incorporated in the Companies Act of 1928, and are now found in Sections 34 and 35 and the Fourth Schedule of the Companies Act of 1929.

These requirements in English law, however stiff they may have appeared at the time of their innovation, have established themselves as the accepted and respected conventions of English business. Today English opinion would not countenance relaxation of the rigors of the British prospectus law. It has paved the way for the necessary factor for investments—confidence of the investor. The London Economist, the leading publication of items concerning English finance, stated in connection

with the Companies Act of 1929:

"Experience would probably show that the Companies Act of 1929, despite its shortcomings, has made the company issue market an appreciably safer place for the investor." ¹

Against this background of British experience the American Securities Act of 1933 must be projected. Like most legislation, it did not spring full grown; it grew. But like much American legislation aimed at the correction of industrial and financial abuses, it was compelled to grow in hard and non-fertile soil.

¹ "The London Economist," June, 1933
CHAPTER II

BRITISH COMPANIES ACT OF 1929

AND

UNITED STATES FEDERAL SECURITIES ACT CONTRASTED
CHAPTER II

BRITISH COMPANIES ACT OF 1929
AND
UNITED STATES FEDERAL SECURITIES ACT CONTRASTED

The Federal Securities Act of 1933 to regulate the sale of securities is a step in the international movement toward more stringent regulation of corporations which was begun with the enactment in 1929 of the British Companies Act. This movement has gained great speed because of the recent world-wide depression, and resultant losses to investors.

Germany, France, Holland, and several other countries have passed national laws establishing the responsibility of officers and directors of corporations. However, these countries have placed the major emphasis on the proper management of companies, rather than on the regulation of the sale of securities.

Although our Federal bill is greatly similar to the British Act, it, nevertheless, covers only a small portion of the field covered by the British measure. In addition to regulating virtually every phase of corporate activity, from organization to bankruptcy, the British bill in some respects imposes greater limitations on vendors and underwriters of securities. For example, where the American bill merely requires underwriters to disclose the amount of the bonus or commission received by the underwriters, the British law limits the underwriting commission to
ten per cent of the amount obtained through the financing operation.

Our bill is considerably shorter than that of Britain. The British Companies Act of 1929 consists of 325 sections, whereas the American measure has only 20 sections. While our law requires full publicity concerning assets and prospective earnings of new companies which desire to sell securities, the British act establishes similar requirements for existing corporations, as well as for new concerns. The British act holds directors of all public companies responsible for the accuracy of their companies' financial statements, and requires publicity concerning bonus payments and loans by a company to its officers and directors. It goes into many details of corporation management not covered by our own Federal bill, but which are in the laws of some States.

A number of investment authorities in America have stated at times that our Federal government is seeking to accomplish by a series of laws what is covered in the consolidated British Companies Act. In many quarters it has been stated that the American bill regulating sales does not go far enough, and that what is needed is a Federal Corporation law which would prevent the abuses in company management that arise under lax corporation laws in some individual States.

As I have stated previously, the British Companies Act of 1929 succeeded the acts of 1900, 1908, 1918. The
groundwork of the 1929 bill was laid in a report of a committee of the Board of Trade, which studied the problem in 1925 and 1926. In a seventy-four page report, the committee proposed a series of reforms, most of which were included in the latest edition of the Act. The report contained four basic changes: it regulated in greater detail than in previous acts corporate book-keeping and required the employment of outside auditors; prescribed greater publicity for company reports; established the responsibility of directors and officers by requiring directors to certify to the correctness of their companies' reports, and contained "blue-sky" regulations concerning sales of new securities similar to those proposed in the American measure.

Many authorities believe that although the British law has not eliminated fraud, it has tended to reduce it. Criticism of the Companies Act is said to have been based on the feeling that it has prevented, to a certain extent, new financing by making directors over-cautious.

The MacMillan report of 1931 on British finance and industry praised the American system, in which banks and banking houses sponsor individual issues, and through close affiliation with corporations help in financing and developing many industries. Some American bankers fear that this relationship between bankers and industrial companies would become less intimate as a result of our own Securities Act, since banking firms might hesitate to
accept the responsibilities imposed on issuing houses under the bill.

"We believe our financial machinery is definitely weak," the MacMillan report declared concerning British financing," in that it fails to give clear guidance to the investor when appeals are made to him on behalf of home industry. When he is investing abroad he has the assistance of long-established issuing houses whose reputation is world-wide. When subscriptions to a foreign issue are invited by means of a public prospectus, it is almost certain that the issue will be vouched for by one of the issuing houses whose name will be evidence that it has been thoroughly examined and the interests of investors protected as far as possible .......

"It would, in our opinion, be an important reform that relations between finance and industry should be so developed that issuing institutions of first-class strength and repute should vouch to the investor more normally and fully for the intrinsic soundness of the issues made, and that the joint stock banks should not give the appearance of sponsoring issues so long as in fact their real responsibility is limited to receiving subscriptions." 1

CHAPTER III

EVENTS LEADING TO PASSAGE OF SECURITIES ACT OF 1933
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EVENTS LEADING TO PASSAGE OF SECURITIES ACT OF 1933

Preliminary work in drafting the Securities Act of 1933 was started toward the latter part of March, 1933, under the supervision of Secretary Roper, Attorney General Cummings and experts of their departments, in consultation with the Congressional leaders. The bill was to be so designed as to cover flotations of foreign as well as domestic securities by American security houses and it was to have as one of its purposes the provision for full publication of all circumstances surrounding the issues offered to the public.

On March 30 of that year President Roosevelt sent a message to Congress recommending Federal regulation of the sale of new securities. Along with the message was sent, as described in some administration quarters, a copy of the "national blue-sky law" which required the fullest publicity regarding offerings of securities to the public. (Appendix I). The bill was a culmination to the speech he delivered at Columbus, Ohio, during the latter part of 1932, wherein he stated that he would exert his efforts to prevent the issue of "manufactured and unnecessary" securities and to insure full information to the investor in legitimate issues concerning the use of his money, including a demand that the sellers disclose their business and commission. At that time he declared he would make full use of the Federal power for the regulation of
holding companies and regulation of the Stock Exchange and other exchanges.

"We are well aware of the difficulty and often the impossibility under which State governments have labored in the regulation of holding companies that sell securities in interstate commerce," the President said at Columbus. "It is logical, it is necessary and it is right that Federal power be applied to such regulation.

"For the very simple reason that the many exchanges in the business of buying and selling securities and commodities can, by the practical expedient of moving elsewhere, avoid regulation by any given State, I propose the use of Federal authority in the regulation of these exchanges." 1

The text of President Roosevelt's special message to Congress recommending the enactment of a law for Federal supervision of interstate traffic in investment securities, was as follows:

To The Congress:

I recommend to the Congress legislation for Federal supervision of traffic in investment securities in interstate commerce.

In spite of many State statutes, the public in the past has sustained severe losses through practices neither ethical nor honest on the part of many persons and corporations selling securities.

Of course, the Federal government cannot and should not

take any action which might be construed as approving or guaranteeing that newly issued securities are sound in the sense that their value will be maintained or that the properties which they represent will earn profit.

There is, however, an obligation upon us to insist that every issue of new securities to be sold in interstate commerce shall be accompanied by full publicity and information, and that no essentially important element attending the issue shall be concealed from the buying public.

This proposal adds to the ancient rule of caveat emptor the further doctrine: "Let the seller also beware." It puts the burden of telling the whole truth upon the seller. It should give impetus to honest dealing in securities and thereby bring back public confidence.

The purpose of the legislation I suggest is to protect the public with the least possible interference to honest business.

This is but one step in our broad purpose of protecting investors and depositors. It should be followed by legislation relating to the better supervision of the purchase and sale of all property dealt in on Exchanges, and by legislation to correct unethical and unsafe practices on the part of officers and directors of banks, and other corporations.

What we seek is a return to a clearer understanding of the ancient truth that those who manage banks, corporations, and other agencies handling or using other people's
The administration’s plan to submit security issues to government regulation, which Wall Street had been awaiting with a good deal of interest, was known to meet with the approval of those bankers whose influence in financial affairs was dominant at this particular time. Some also went so far as to make useful suggestions in connection with the Act.

The brokers adopted a distinctly cool attitude towards the Federal Bill for the most part. However, some of the leading securities dealers had been endeavoring for a considerable period up to the time the Act was brought forward to establish standards which would prevent another growth of "mushroom" firms such as occurred during the boom years in Wall Street.

The first hearings on the securities measure were held by the House and Senate committees on the day following the President’s message to Congress. A conflict of opinion arose among Congressional leaders over just what securities the pending act would apply to. Certain members believed that the measure should be made to apply to all outstanding issues. Another group of members stated that the law could apply only to flotation hereafter made or to securities which had already been authorized, but not advertised or
offered for sale to the public before the effective
date of the new act.

Many types of security issuers fast made plans to
avoid the provisions of the Act. Railroad companies pre-
pared to vigorously oppose their inclusion in the part
of the measure which compelled detailed information about
the issuer in any type of advertisement of a security
floitation. An appeal was made to the House committee to
exempt building and loan associations from the require-
ments for registration of every security issue on the
basis that such registration would be a great inconvenience
and the fee involved would work a financial hardship.

Railroads are not included among the issuers required
to register in accordance with the Act since their securities
must be passed upon, according to the present law, by the
Interstate Commerce Commission. The exemptions to rail-
roads are not repeated under the section providing for
information that must be set forth if a stock issue is
advertised to the public.

Under that provision the railroads, if they advertised
a security issue or if such was advertised for them by an
investment house, would have to set forth an account of the
whole transaction, including the fees to be paid to the
bankers for handling the loan, the name of the underwriting
syndicate, the capital structure of the railroad, and its
profits and losses for the year immediately preceding the
offering. Some persons well informed in railroad problems
went so far as to express the view that advertising of these facts concerning railroads would practically prevent flotation or sale of securities in such depression times.

In the early part of April, 1933, framers of the bill to regulate security sales proposed to make changes and to exempt from registration mutual building and loan associations and mutual homestead associations where they are not subject to entrance fees or not selling above par. The committee limited the bill's application to security issues marketed after the bill became law and exempted present issues of bona fide corporations that had been operating a year or more. It greatly reduced the liability of directors for misstatements in the financial reports to be filed with the Trade Commission, requiring that only three-fourths of a corporation's directors be required to sign the reports.

Further, the new version of the bill provided:

"Any director of a corporation may, in the discretion of the commission and upon request before registration, for good cause shown, be excused from signing and swearing to the said statement." ¹

Much opposition had been voiced to the original mandatory responsibility of every director for the truthfulness of the statements filed. The administration's spokesmen, however, had held that this principle was vital to the success of the act. The new bill specifically excluded commercial paper, including notes, drafts, bills of

¹ "House Gets Revised Bill," New York Times, May 24, 1933
exchange and bankers' acceptances with maturities not exceeding nine months. It modified the cause for revocation by eliminating the provision regarding unsound or insolvent conditions of the issuer, and the power to revoke when the commissions decide this "is in the interest of the public welfare." ¹

The revised bill retained force to revoke (Section 6) for violations of the provisions of the bill, if the issuer has been or is about to engage in fraudulent transactions, and for fraudulent misrepresentation in information filed. It retained the right of a security holder to recover the price paid if he has been defrauded, but eliminated his right to recover damages.

The regulation for foreign securities was altered to make requirements practically the same as those covering domestic securities, except that the issuers and underwriters of the foreign loans would be obliged to file in addition:

"The terms of any collateral agreement, arrangement, or understanding, if any, between the underwriters or selling agent or any other person, and the borrower and any other officer or agent of the borrower, relating to the said loan." ¹

A new provision was inserted in the original bill whereby instead of permitting registration of securities to take effect immediately upon receipt by the commission of required information and copies of the prospectuses, the registration would not take effect until 30 days after

the necessary information has been received by the commission. This is to give the commission time in which to check up on the information, which goes into the financial structure of the issuers, personnel, ownership, directorship, and other important details. If the registration is incomplete or inaccurate, the commission may hold up the issue for a hearing of its promoters or issuers.

The revocation provisions which would force the commission to ascertain the correctness of the information after the issues were sold to the public were struck out and in their place was substituted a provision empowering the commission to issue "stop orders" against them.

The new draft read:

"The commission is hereby empowered to make an examination in any case in order to determine whether a stop order should be issued."

"If any issuer, representative, or underwriter shall fail to cooperate or shall refuse to permit or obstruct in the making of an examination, such conduct shall be proper ground for the issuance of a stop order."  

The revised measure prohibited any interstate transportation of securities not registered with the commission and required all registrations to be accompanied by the signatures of a majority of the board of directors, principal executive and financial officers, all of them to be held accountable individually and collectively for civil action by purchases in the event of sale through fraudulent

1 "H. R. 5480 Passed, "New York Times, May 25, 1933
or untrue statements.

It stipulated that in the case of foreign or territorial securities the principal United States representative and underwriters shall sign the registration. It required that postal money orders or certified bank checks amounting to one-hundredth of one per cent of the total value of the issue must accompany the registration.

It provided that any person aggrieved by a commission stop order may obtain a review before the Court of Appeals of the District of Columbia, but that during appeal the stop order will remain in effect.

It stated that prospectuses on domestic and foreign issues must be filed with the commission and must contain the registration information and such other information as the commission requires. This applied to advertising of securities through any means of communication.

The new draft declared that it was unlawful to make or cause to be made to any prospective purchaser any representation that registration with the commission means that the commission "has in any way passed upon the merits of or given approval to such security." ¹

The commission was to be empowered to make rules and regulations, prescribe forms of information, to investigate, subpoena witnesses and to obtain injunctions in Federal courts against violators of stop orders or other provisions of the law.

Provisions were made for punishment by fines up to

$5,000 and five years imprisonment.

The revised bill, H.R. 5,480 with the new provisions I have described briefly included, was unanimously passed by the House of Representatives on May 5, 1933. On May 8, the Senate passed the bill after two hours of debate without a record of a formal vote.

On May 27, President Roosevelt signed the Securities Bill, it becoming immediately effective, hailing it as at last translating "some elementary standards of right and wrong into law." In a statement, he said, in part:

"It gives me much satisfaction to sign the Rayburn-Fletcher Securities Bill, and I know I express national feeling in congratulating Congress on its passage. For this measure at last translates some elementary standards of right and wrong into law.

"Events have made it abundantly clear that the merchandising of securities is really traffic in the economic and social welfare of our people. Such traffic demands the utmost good faith and fair dealing on the part of those engaged in it.

"If the country is to flourish, capital must be invested in enterprise. But those who seek to draw upon other people's money must be wholly candid regarding the facts on which the investor's judgment is asked.

"To that end this bill requires the publicity necessary for sound investment."¹

CHAPTER IV

CONDITIONS BRINGING ABOUT AMENDMENTS TO FEDERAL SECURITIES ACT
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CONDITIONS BRINGING ABOUT AMENDMENTS TO FEDERAL SECURITIES ACT

The period between the enactment of the Securities Act in May 1933 and the date as of which the amendments to the Act were passed was marked by considerable criticism of the Act as originally passed. The fundamental purpose of the Securities Act was considered sound by practically all critics, but they stated that several amendments were necessary to correct outstanding defects in the law in order that indispensable financing could proceed.

The unwillingness of directors, bankers, officers, and accountants to accept the liabilities imposed upon them under the Act was predominant. These various groups believed that full and adequate information concerning securities should be supplied to investors, but they were greatly disturbed over the penalties to be imposed upon them, if the information given by them respecting certain security issues was incorrect. Here is where considerable conflict arose over the Securities Act. Of course, if the information was intentionally incorrect and there was fraud, the sky should have been the limit as far as penalty was concerned. What, however, should have been the penalty if the mistake was made in entire good faith because of some act of oversight, of which everyone at some time or another is guilty?
To answer this question, the extent and the importance of the evils which the Act was originally designed to correct must be weighed. Some supporters of the Act believed that if it had been in effect during the boom years the larger portion of the losses to investors in securities would have been prevented.

This view was largely erroneous. The great losses suffered through securities purchased in the boom years have been due primarily to the fact that the investors and the investment bankers, like everyone else in the country, mistakenly believed that the New Era was here to stay. The Securities Act would help in requiring full information, but it would not and will not prevent security investors from suffering losses due to economic factors.

It was readily admitted by all who had to assume any liability under the Act, as originally drawn, that the penalties imposed by it for honest mistakes were too severe. The penalties were far more severe than those in England which has had legislation upon this subject developed over a period of many years and now existing in the form of the Companies Act of 1929.

In England, if a circular contains an honest mistake, the investor can recover only to the extent that the mistaken statement caused damage to him. Under the original form of the Securities Act, he could recover even if the loss was in no way caused by the mistaken statement, and he could recover the full price he paid
in the original offering.

The English law permits recovery only by an investor who purchases the stock on the offering in reliance upon the prospectus. The original Act in this country, on the other hand, permitted recovery by anyone who purchased the security, upon an exchange or otherwise, within ten years after the original offering and even if he never saw the prospectus containing the mistake.

The Companies Act in England imposes liability for an incorrect statement unless the director or investment banker can prove that he had reasonable ground to believe it to be true. Our American Act adds to the British Law the further provision that, in determining what constitutes reasonable ground for belief, the standard of reasonableness shall be that of a fiduciary.

This difference also is a very practical one. The standard of care imposed upon a fiduciary is that imposed upon a trustee. It is substantially greater than that imposed upon an ordinary business man.

The English Act and the original American Act also differs in that under the former a director or banker is not liable if there is a mistake in any of the financial statements in the circular, provided they have been verified by competent accountants. The Securities Act originally provided that a director or banker would not be liable in such a case if the accountants have made a mistake, unless he could sustain the burden of proof
that he had reasonable ground to believe that the statements were true. In addition, under the English Act a member of an underwriting syndicate is not liable unless his name appears on the prospectus while our original Act stated that every member of the underwriting syndicate was subject to liability even though his name did not appear on the prospectus.

The Securities Act unamended had a particularly harmful effect with respect to directors. Under the Act as first drawn the liabilities imposed on underwriters and directors mentioned above occurred when a corporation issued securities to the public, when it gave its stockholders the right to subscribe to additional stock, and in certain forms of corporate reorganizations. The new liabilities were imposed upon directors who, as opposed to the bankers, were making no profit out of the transaction. They may have been small stockholders or large stockholders, but as stockholders their interest in the company was only that of the other stockholders who were not directors. Again, they may have been merely representatives of institutions owning securities of the company; or again they may have been directors having no appreciable financial interest in the company, but asked to serve upon the board for the benefit of their business advice and experience.

Why should such men have been subjected to the new great liabilities of the Act which flow not from dishonesty or fraud, but from errors or omissions in a circular or
registration statement dealing with facts as to which they cannot have personal knowledge and with respect to which they must rely upon the officers of the company and others?

It is a simple matter to say that directors should know all about the business of their company. As a practical matter, this is not possible. The only persons who can know all about the business of any company are the officers who devote their entire time to its affairs. Even then, in the case of a large company, no one officer can know all about everything. Yet the original registration statement for which the directors were responsible contains multitudinous facts which no one person can possibly know about. The registration of a large company, were it to include all the information required under our original Act, would be a printed book of two or three hundred pages. Could a director possibly himself check the correctness of everything in such a large statement, using the high standard of care required by the Act? An inadvertent error would have made him liable for the whole issue. If a director has relied upon honest and competent executives carefully selected; if he has employed expert accountants and counsel of integrity and standing and has honestly relied upon them, it would seem that he has fully discharged his duty. To impose a further duty of checking would seem impracticable.

The liabilities imposed upon directors by the original Act were unreasonable. If the Act had not been amended
it would tend to have the effect of reducing boards of directors to the operating officers of the companies. Such a result would have been socially most undesirable. No one familiar with the affairs of corporations can fail to realize the importance of having upon their boards of directors men of broad business experience and judgment who themselves have no direct connection with the operation of the company and who can bring to bear upon the company's particular problems the experience gained in wider fields. The liberalizing effect upon operating officials of the point of view of outside directors is not generally realized.

It is of course true that a practice has developed in the United States of having large and unwieldy boards of directors, many of the members of which know nothing about the corporation's affairs and merely lend their names to it. This practice is properly to be condemned and the Banking Act of 1933, in reducing the membership of boards of directors of banks to a maximum number, is the expression of a sound policy. However, it would be equally unsound to have created through the Securities Act a situation where no outside directors would be willing to continue to serve and the officers of one vast corporation would be left as the sole directors.

For the legitimate protection of these outside directors, the original Securities Act should have been amended so as to include the section in the British Act providing that, with respect to a director, if it appears
"that he has acted honestly and reasonably and that, having regard to all of the circumstances of the case, including those connected with his appointment, he ought fairly to be excused for the negligence, default, breach of duty or breach of trust, the court may relieve him either wholly or partly from his liability."  

In response to insistent demands for liberalization of the Securities Act of 1933 on the part of professional and business men who were to be affected by the Act, the Senate and the House of Representatives, constituting the Seventy-third Congress, brought about a group of amendments which eliminated certain responsibilities and liabilities of those coming under the Act. The amendments, which received the approval of President Roosevelt on June 6, 1934, redefined securities, prospectuses, made certain changes regarding reorganization and liabilities of issuers, underwriters, and officers, and regarding damages afforded to purchasers for misstatements in registration statements.

The term "security" was extended in the course of the amendments, to include all interests ordinarily evidenced by an instrument whether or not they are represented by a document. This definition embraced such types of securities as deposit certificates, royalties, and leaseholds for which there was no provision for registration under the original Act.

The provisions pertaining to prospectuses were

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lightened, the purpose of such being the advertising of any security for sale, whether oral or written. Under the amended Act any literature accompanying or following the prospectus need not conform to the prospectus requirements, and there is no longer any necessity on the part of the seller of securities to make sure that the prospectus actually reaches the party to whom it is sent. It is sufficient if it can be proved that the prospectus has been mailed.

In connection with reorganization, the new law specifically provides that the reorganization is exempt except where any commission or other remuneration is paid for soliciting the exchange such as underwriters' or agents' fees for their services in accomplishing the transactions. This amendment resulted from considerable doubt as to the nature of the commissions or remuneration which constituted a bar to the exemption.

Under the original Federal Securities Act, provisions were made for the awarding of damages against an issuer, officer, director, and underwriter, regardless of their dependence upon experts for information submitted in the statement, to any purchaser of securities who sustained a loss resulting from relying on a faulty prospectus or registration statement. Both they and the experts were liable for errors and omissions. The amended Act no longer makes it necessary for an officer or director to thoroughly investigate information furnished by experts in order to avoid liability on their part since it states
that such officer or director can rely upon the expert if he can prove that he had no reasonable ground to believe the statement untrue.

The change effected by the new Act regarding the degree of investigating to be undertaken by the persons concerned with the registration from that of an individual occupying a fiduciary relationship to that by a prudent man in the management of his own property, together with the reliance that may now be placed upon experts have removed a large part of the fear of officers, directors, and underwriters who would have been unreasonably penalized for innocent omissions despite their good faith.

The remedies afforded to a purchaser for a misstatement in a registration statement under the Act of 1933 consisted of either an action for cancellation of the sale and recovery of the purchase price, which was not to exceed the original offering price; or an action for damages. The amended Act eliminated the former of these two types of action.

Moreover, the amended Act eliminated any possibility of recovering any portion of the damages attributable to causes other than the misstatement or omission. The old law permitted a situation to exist wherein a corporation might sell a share of stock for $100, a purchaser acquire it for $200, sell it for $100, and recover $100 if there was a mistake in the registration statement. Damages under the amended Act are reduced to the extent that the
defending issuer, officer, director, expert, or underwriter can prove that any portion was not caused by the mistake in the registration statement.

The Federal Securities Act was originally under the supervision of the Federal Trade Commission but with the advent of the new bill regulating stock exchanges, provisions were made for the creation of the Securities and Exchange Commission and to this group were transferred the executive supervision and enforcement of the Federal Securities Act and of the National Stock Exchange Act. The Commission originally consisted of Joseph P. Kennedy, an expert in stock market operations, appointed by President Roosevelt to serve as chairman, George C. Mathews, who was brought over from the Federal Trade Commission, James M. Landis, a professor at Harvard Law School, Robert E. Healy, a former justice of the Vermont Supreme Court, and Ferdinand Pecora, the Senate's counsel in its investigation of Wall Street.

A release issued May 27, 1933, defined the purposes of the Commission as follows:

"The public should thoroughly understand that the Commission is not authorized to pass in any sense upon the value or soundness of any security. Its sole function is to see that full and accurate information as to the security is made available to purchasers and the public, and that no fraud is practiced in connection with the sale of the security. Speculative securities may still be
offered and the public is as free to buy them as ever. The Commission's duty is to see that the security is truthfully presented to prospective purchasers. The fact that a description of the security and of the concern issuing the security is filed with the Commission is in no sense and must not be regarded as an endorsement or approval of the security or the concern by the Commission."
CHAPTER V

GENERAL PURPOSE AND SCOPE OF THE ACT
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GENERAL PURPOSE AND SCOPE OF THE ACT

The Federal Securities Act had as its purpose the converting into law of President Roosevelt's desire that there should be added to the ancient rule of "let the buyer beware" the more modern doctrine of "let the seller also beware," and to put the burden of telling the whole truth on the seller of securities.

Briefly and broadly the Act provides that from and after July 26, 1933, which is sixty days after the passage of the Act, no securities unless specifically exempted can be issued in interstate or foreign commerce or through the mails (whether interstate or intrastate) until they have been registered with the Securities and Exchange Commission, which body is appointed as the body to supervise the working of the Act and to make such rules and regulations as may be necessary to carry out its provisions. The Act relates primarily to new issues of securities having as its purpose the insurance that when such securities are delivered to the public by an issuer or underwriter or both, they will be honestly and completely represented and that complete information shall be on file in a public office for the benefit of the original and subsequent purchasers. The Securities Act also pertains to the sale of securities, old and new subsequent to their original
issue and distribution, and with respect to these its purpose is that upon any sale thereof they shall be honestly and completely represented.

The Act seeks to control the sale of securities in interstate or foreign commerce, and through the mails and to attach liability on issuers of securities sold through these two channels. In addition, it imposes liability upon persons responsible for the statement under which the securities are registered, even though sales of such securities are purely intrastate and do not involve the use of the mails. The term "interstate commerce", as defined in the Act, includes "trade or commerce in securities or any transportation or communication relating thereto among the several States or between the District of Columbia or any Territory of the United States and any State or other Territory, or between any foreign country and any State, Territory, or the District of Columbia, or within the District of Columbia." Use of the mails pertains to commerce in securities between any of the offices in the United States Federal Postal System and liability attaches to the issuers for faulty registration even though the securities are sold and delivered to the purchaser through some agency other than through the Government Postal System, provided the mails are used after the sale to confirm the sale.

The term "sale," "sell," "offer to sell," or "offer for sale", as defined in the Act," shall include every contract
of sale or disposition of, attempt or offer to dispose of, or solicitation of an offer to buy, a security or interest in a security, for value; except that such terms shall not include preliminary negotiations or agreements between an issuer and any underwriter. Any security given or delivered with, or as a bonus on account of, any purchase of securities or any other thing, shall be conclusively presumed to constitute a part of the subject of such purchase and to have been sold for value. The issue or transfer of a right or privilege, when originally issued or transferred with a security, giving the holder of such security the right to convert such security into another security of the same issuer or of another person, or giving a right to subscribe to another security of the same issuer or of another person, which right cannot be exercised until some future date, shall not be deemed to be a sale of such other security; but the issue or transfer of such other security upon the exercise of such right of conversion or subscription shall be deemed a sale of such other security.\(^1\)

\(^1\) "Federal Securities Act of 1933," Section 2 (3)
CHAPTER VI

PRINCIPAL DEFINITIONS REQUIRED IN UNDERSTANDING THE ACT
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PRINCIPAL DEFINITIONS REQUIRED IN UNDERSTANDING THE ACT

The understanding of the Federal Securities Act requires primarily a knowledge of the exact meaning of the various terms used. Many of the terms used in the Act have a meaning different from their habitual interpretation in the investment banking business. This chapter serves to define the important terms which might be well accomplished in an appendix to this thesis but because of the great importance attached to knowing what is precisely meant by the several terms in the Act, it was deemed advisable to devote a separate chapter to this purpose. The important terms are briefly defined under the following titles:

SECURITY

The term "security" under the Act is used to include all instruments which evidence interests in rights or property, tangible or intangible. Or it may be stated, that the term is used to include all interests commonly known as securities whether or not such interests are represented in document form.

The Act covers under the term "securities" all types of instruments ordinarily considered securities in the business world such as notes, stocks, treasury stocks, bonds, debentures, and evidences of indebtedness. Stocks
and bonds include all interests or rights to participate in profit-sharing agreements.

The term includes within its scope collateral-trust certificates, pre-organization certificates or subscriptions, transferable shares, investment contracts, voting-trust certificates, and certificates of deposit for securities. Fractional undivided interests in oil, gas, or other mineral rights represented by documents entitling the holder to share in the oil or gas produced from a particular tract of land come within the meaning of the term "securities."

Any certificates representing a fractional interest or participation in another security are securities and any documents representing securities are in themselves termed securities. In fact, any instrument issued in a form other than in the form in which it would ordinarily be issued, if issued in such form to avoid coming under the term "security" in the Act, is considered a form of a security and is subject to the complete content of the Act.

**PERSON**

This term as used in the Act embraces within its scope not only individuals but every form of an organization existing for a commercial purpose that may issue securities such as a corporation, a partnership, an association, a joint-stock company, a trust, and any unincorporated institution.

The term "trust" includes those types of associations which have adopted the "Massachusetts-trust" form of organization and, in addition, voting trusts and reorganization
committees but not non-commercial and testamentary trusts.

Governments and subdivisions of governments in the case of foreign territories are included within the term "person" and are subject to most of the provisions of the Act. The United States and its various political subdivisions are exempt from certain of the provisions.

**ISSUER**

An exact concept of the term "issuer" as used in the Act is important since all issuers are required to file registration statements unless exempted by the Act and these registration statements make the issuer liable, civilly and criminally, if they contain any misstatements or omit any statements necessary pertaining to the particular issue.

The term "issuer", as defined in the Act, "means every person who issues or proposes to issue any security." By an amendment to the Act in 1934, guarantors are considered issuers only of guaranteeing securities and not of securities guaranteed.

The definition of "issuer" above contains exceptions which include certificates of deposit, voting-trust certificates, collateral trust certificates, certificates of interest or shares in an unincorporated investment trust not having a board of directors (or persons performing similar functions), or of the fixed, restricted management, or unit type, and then the term "issuer" applies to the person

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1 "Federal Securities Act of 1933," Section 2 (4)
or persons performing the acts and assuming the duties of depositor or manager pursuant to the provisions of the trust or other agreement or instrument under which such securities are issued.

In the case of certain types of issuers there are limitations to the extent of their liability. An unincorporated association which provides by its articles for limited liability of any or all of its members, or a trust, committee, or other legal entity, the trustees or members of such shall not be individually liable as issuers of any security issued by the association, trust, committee, or other legal entity.

In voting trusts, the person or persons who are acting as the managers under the voting-trust agreement are deemed the issuers. With respect to equipment-trust certificates or similar securities, the term "issuer" applies to the person by whom the equipment or property is to be used and in the case of fractional undivided interests in oil, gas, or other mineral rights, the term "issuer" means the owner of any such right or of any interest in such right (whether whole or fractional) who creates fractional interests therein for the purpose of public offering.

UNDERWRITER

The term "underwriter" as ordinarily used in the investment banking field refers to a person or a company, as a bank, which exists mainly to market an issue of securities. Under the Act, the term has been broadened to include a person or a company which buys an issue outright for purposes of resale to the public and it further
includes affiliates or subsidiaries set up by the issuer of
the securities for the sole purpose of marketing the issue
of stocks or bonds to the general public whether this latter
organization controls the issuer or is controlled by the
issuer.

Any participants in the underwriting process or any
persons who agree to take over from the original underwriter
a portion of the shares to be marketed, for a commission,
are considered within the term "underwriter"; but those
persons who receive only the ordinary distributors' or
sellers' commission from an underwriter or dealer do not
come within the term if such commission does not exceed the
difference between the price paid by the dealer and that
received by him on resale.

Any companies which exist for the purpose of acquiring
the securities of a particular issuer or a subsidiary out
of the funds which they obtain through marketing their
own issues of stocks and bonds are underwriters within the
meaning of the term and any protective committees which
perform services not commonly performed by such committees
but of the character that would ordinarily attend the dis-
tribution of new securities by an underwriter, are considered
underwriters.

DEALER

The term "dealer" within the Act "means any person who
engages either for all or a part of his time, directly or
indirectly, as agent, broker, or principal, in the business of offering, buying, selling, or otherwise dealing or trading in securities issued by another person." Sect. 2(12).

**Sale, Sell, Offer to Sell, Offer for Sale**

As defined in the Act:

"The term "sale", "Sell", "offer to sell", "offer for sale" shall include every contract of sale or disposition of, attempt or offer to dispose of, or solicitation of an offer to buy, a security or interest in a security, for value; except that such terms shall not include preliminary negotiations or agreements between an issuer and an underwriter. Any security given or delivered with, or as a bonus on account of, any purchase of securities or any other thing, shall be conclusively presumed to constitute a part of the subject of such purchase and to have been sold for value. The issue or transfer of a right or privilege, when originally issued or transferred with a security, giving the holder of such security the right to convert such security into another security of the same issuer or of another person, or giving a right to subscribe to another security of the same issuer or of another person, which right cannot be exercised until some future date, shall not be deemed to be a sale of such other security; but the issue or transfer of such other security upon the exercise of such right of conversion or subscription shall be deemed a sale of such other security."²

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² "Federal Securities Act of 1933," Section 2 (3)
This particular section of the Act shows the strong intent which Congress had of bringing every method of disposing of securities within the terms of the Act. An executory or executed sale comes within the definition and the solicitation of an offer to buy is deemed a "sale" under the Act. Preliminary negotiations between the issuer and underwriter, as mentioned in the above definition, do not constitute a "sale."

In the case of securities offered as a bonus, the entire amount received in the sale is applied against the principal securities sold plus the additional securities offered as a bonus and the whole of such transactions are, within the Act, a "sale."

The act exempts from its definition of a "sale" future rights to convert present holdings into others or to subscribe to new issues.

INTERSTATE COMMERCE

As defined in the Act:

"The term interstate commerce means trade or commerce in securities or any transportation or communication relating thereto among the several States or between the District of Columbia or any Territory of the United States and any State or other Territory, or between any foreign country and any State, Territory, or the District of Columbia, or within the District of Columbia."¹

Congress can only control transactions in securities in interstate commerce and through the mails since the authority

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¹ "Federal Securities Act of 1933," Section 2 (7)
given to this body under the Constitution pertains to the
regulation of commerce between the various States and
Territories and with foreign nations and to the establish-
ment and control of the mails.

A transaction in securities is considered interstate,
within the Act, if it commences within any State, Terri-
tory, foreign nation, or the District of Columbia, crosses
its boundaries and terminates in another State, Territory,
or the District of Columbia. Securities originating in a
foreign country to be sold in the United States are included.
A transaction in securities within the District of Columbia
is also termed interstate since this political subdivision
is under the direct regulation of the Federal government.
CHAPTER VII

SECURITIES AND SECURITY TRANSACTIONS

WHICH DO NOT COME UNDER THE ACT
CHAPTER VII

SECURITIES AND SECURITY TRANSACTIONS

WHICH DO NOT COME UNDER THE ACT

The general statement that the Act applies to all securities issued in interstate or foreign commerce or through the mails contains a number of exceptions. Those security transactions wherein the abuses have not been great and where some control on the part of the Federal or State regulatory bodies has been exerted have been excluded from complying with the provisions of the Act. The Securities and Exchange Commissions, under which body the Act is administered, have been vested with the power of excluding any securities and transactions, which it may deem advisable, from the provisions of the Act. Section 3 of the Federal Securities Act lists the classes of securities to which the provisions of the Act will not apply and Section 5 provides for exempted transactions.

The securities exempt from registration by Section 3 of the Act are as follows: (See Section 3 of the Act in Appendix I)

1. Any security which was sold or offered to the public in good faith before the passage of the Act on May 27, 1933 or any security which was sold or offered to
the public in good faith within 60 days thereafter is exempt and need not be registered. This exemption, however, does not apply to a subsequent offering of an authorized issue wherein the first portion was sold or offered, within the 60 day period, and the last portion was withheld for a period of time over 60 days and then disposed of. This subsequent offering would have to be registered before sold or set up for sale.

2. Any security issued or guaranteed by the United States or any territory thereof or by the District of Columbia, or by a corporation created and controlled or supervised by and acting as an instrumentality of the Government of the United States need not be registered.

3. Any security issued or guaranteed by a state of the United States, or by any political subdivision of a state or territory, or by any public instrumentality of one or more states or territories exercising an essential governmental function need not be registered.

4. Any security issued or guaranteed by any person controlled or supervised by and acting as an instrumentality of the government of the United States pursuant to authority granted by the Congress of the United States is exempt from registration.

5. Any certificate of deposit for any of the foregoing is exempt from registration.

6. Any security issued or guaranteed by any national bank, or by any banking institution organized
under the laws of any State or Territory or the District of Columbia, the business of which is substantially confined to banking and is supervised by the State or Territorial Banking Commission or similar official is exempt from registration. (This exemption does not apply to the securities of an affiliate which are usually transferred at the same time, one certificate representing the stock of both the bank and the affiliate. If a trust certificate representing both is transferred the exemption may not apply to such trust certificate.)

7. Any security issued by or representing an interest in or a direct obligation of a Federal Reserve Bank is exempt from registration.

8. Any note, draft, bill of exchange, or banker's acceptance which arises out of a current transaction or the proceeds of which have been or are to be used for current transactions, and which has a maturity at the time of issuance of not exceeding nine months, exclusive of days of grace, or any renewal thereof the maturity of which is likewise limited is exempt from registration. (Since most corporations fail to designate the proceeds arising from the various sources, it may be difficult to prove that the proceeds of commercial paper have been or are to be used for current transactions).

9. Securities issued by charitable, benevolent, and certain other institutions not organized for pecuniary profit, and in which no part of the earnings inures to the
benefit of any person, private stockholder, or individual, are exempt from registration.

10. Certain securities issued by building and loan associations need not be registered.

11. Securities issued by Farmers' Cooperative Associations (as defined in Paragraphs 12, 13, and 14 of Section 103 of the Revenue Act of 1932) which are exempt from taxation are also exempt from registration.

12. Securities issued by any common carrier which is subject to the provisions of Section 20 (a) of the Interstate Commerce Act are exempt from registration.

13. Certificates issued by a receiver or by a trustee in bankruptcy with the approval of a court, State, or Federal, are exempt, but new securities of any character issued by receivers in equity are subject to registration under the Act.

14. Insurance or endowment policies or annuity contracts issued by corporations, subject to the supervision of insurance or banking commissioners of any state or territory, are exempt from registration.

15. Securities exchanged by an issuer for securities which are held by its existing security holders are exempt from registration, provided that no commission or other remuneration is given for soliciting the exchange.

16. Any security, which is exchanged for one or more bona fide outstanding securities, claims or property interests, or partly in such exchange and partly for cash, where the terms and conditions of such issuance and
exchange are approved, at a hearing at which all persons
to whom it is proposed to issue securities in such
exchange shall have the right to appear, by any court,
official, or agency of the United States, or by any State
or Territorial banking or insurance commission or other
governmental authority expressly authorized by law to
grant such approval, is exempt from registration.

17. The registration features of the Act do not
apply in the case of any security which is a part of an
issue sold only to persons resident within a single State
or Territory, where the issuer of such security is a person
resident and doing business within, or, if a corporation,
incorporated by and doing business within such State or
Territory.

18. In addition, the Securities and Exchange
Commission is authorized to exempt certain securities under
certain circumstances where the aggregate amount of the
issue offered to the public does not exceed $100,000.

Aside from the exemptions mentioned above under
Section 3 of the Act, it is unlawful to sell or solicit
an offer to buy or to carry or to deliver after sale or to
offer to buy securities in interstate or foreign commerce
or through the mails unless:

(1) A registration statement has been filed
with the Securities and Exchange Commission in Washington
with respect to such security and unless

(2) The security is accompanied or preceded
by a prospectus meeting the requirements of Section 10 of
the Act, which must set forth items (1) to (28) of
Schedule A of the Act, unless some of the items are waived
by the Securities and Exchange Commission.

Failure to observe these requirements, without more,
makes any person selling a security covered by the Act
liable in either rescission or damages.

Under Section 4 of the Act, however, the following
reservations and exceptions are made pertaining to ad-
vertisements and transactions:

1. A writing, notice, circular, advertisement,
letter, or communication is not deemed to be a prospectus
and need not meet the requirements of Section 10 if (1) it
states from whom a written prospectus meeting the re-
quirements of Section 10 may be obtained and in addition
does no more than identify the security, state the price,
and state by whom orders will be executed; or if (2) it
is proved that prior to such communication a written
prospectus meeting the requirements of Section 10 was
received by the person to whom the communication was made
from the person making such communication or his principal.

2. Transactions by any person other than an
issuer, underwriter, or dealer;

3. Transactions by an issuer not involving
any public offering.

4. Transactions by a dealer (including an
underwriter no longer acting as an underwriter in respect
of the security involved in such transaction), For one
year after the first date upon which the security was
offered bona fide to the public by the issuer or by or through an underwriter, or for as long as he has on hand the whole or a part of an unsold allotment to or subscription by such dealer as a participant in the distribution of such securities by the issuer or by or through an underwriter, however, cannot sell or deliver a non-exempted security unless it is registered and unless he delivers a prospectus meeting the requirements of the Act;

5. Brokers' transactions executed upon the customer's orders on any exchange or in the open market or counter market, if such orders are not solicited.

In order to determine what is really exempt under Paragraph 3 and 4 above, it is necessary to consider what constitutes a public offering. The Securities and Exchange Commission's view on this point will probably differ with that set forth by the several courts in many instances, but it is very likely that they would not deem the following transactions as public offerings:

(a) The sale by a corporation of limited amounts of treasury stock to selected persons;

(b) The issuance by a corporation of its own stock to its employees;

(c) The exercise of a subscription or conversion privilege by a holder of a subscription warrant or convertible security now outstanding;
(d) The issuance of certificates of deposit to certain security holders by a reorganization committee.

Although it is not generally so regarded, a sale on a Stock Exchange may possibly be construed to be a public offering, particularly where the sales of any security reach such proportions as to amount to a public distribution thereof. If a sale on a Stock Exchange is a public offering, then a broker selling the outstanding securities of an issuer for an issuer or for a parent or for an affiliate of an issuer with a view to their distribution may possibly be held to be an underwriter. Under another provision of the Act, however, transactions by a broker, not on the solicitation of customers' orders, on any Stock Exchange or on the open or counter market fall within the category of exempted transactions. Unless the Act is to be given an unreasonable construction, it would seem that this specific exemption should prevail particularly where no distribution is involved.

According to the custom adopted in Wall Street and in English investment banking, the following are not public offerings:

(a) The issuance by a corporation of additional stock to its own stockholders based on a preemptive right which they possess to receive such shares;

(b) The issuance of securities by a corporation to its own security holders in exchange for its outstanding securities or possibly an offer of exchange by one corporation to the security holders of another.
In Report 85 of the House Committee on Interstate and Foreign Commerce, 73d Congress, 1st session, it is stated that future rights to convert present holdings into others or to subscribe to new issues are not sales or "public offerings." That is, when the holder of a security receives, when he acquires it, at the same time, a right to exchange such security for another in the future, a conversion privilege, or to subscribe to another, a subscription privilege, the giving of such right does not constitute an offer to sell the new security. The effect of this is that the new security need not be registered until the right to exchange or subscribe matures at which time it becomes a public offer. The requirements of registration at that time enables the holder of the right to judge as to whether or not he should exercise his right.

In Federal Trade Commission Release 90 it is stated that rights which are not immediately exercisable by conversion into securities are sales.
CHAPTER VIII

REGISTRATION OF SECURITIES
CHAPTER VIII
REGISTRATION OF SECURITIES

In order to register a security it is necessary to file with the Securities and Exchange Commission a registration statement which must contain all the information required to be furnished in connection with the issuance of all securities except those exempt from registration by the Act. The registration statement, when relating to a security other than a security issued by a foreign government, or political subdivision thereof, shall contain the information, and be accompanied by the documents, specified in Schedule A, and when relating to a security issued by a foreign government, or political subdivision thereof, shall contain the information, and be accompanied by the documents specified in Schedule B.

The Commission is authorized by rules and regulations to provide that any such information or document need not be included in respect of any class of shares or securities if it finds that the requirements of such information or documents is inapplicable to such class and that disclosure fully adequate for the protection of investors is otherwise required to be included within the registration statement. The Act further requires, however, that the registration statement shall contain such other information, and be accompanied by such documents, as the Commission may by rules or regulations require as being necessary or appropriate in
the public interest or for the protection of investors.

In the case of a domestic corporation, the registration must be signed by the issuer, its principal executive officer or officers, its principal financial officer, its comptroller or principal accounting officer, and the majority of its board of directors, or persons performing similar functions. In the case of a private foreign corporation or a private corporation organized under the laws of a territory, it must be signed by its duly authorized representative in the United States. In the case of a foreign government or political subdivision thereof, it need be signed only by the underwriter of such security.

At the time of filing a registration statement, it must be accompanied by a fee of 1/100 of 1 per cent of the maximum aggregate price at which such securities are proposed to be offered, but in no case shall such fee be less than $25.

Three copies of the registration statement, only one of which must contain the required signatures, must be filed with the Securities and Exchange Commission. The date of filing is indicated on the statement and it is the date on which the papers are actually received at the office of the Commission in Washington, D. C., provided that the proper fee has been paid and all the requirements of the Act and the rules and the regulations of the Commission pertaining to the filing have been complied with. A knowledge of the exact date of filing is necessary in order to determine the date as of which the statement becomes effective.
The information contained in or filed with any registration statement is to be made available to the public under such regulations as the Commission may prescribe. Copies thereof, photostatic or otherwise, may be obtained by an applicant upon the payment of such reasonable charge as the Commission may prescribe. No registration statements were permitted to be filed before July 7, 1933, to permit the Federal Trade Commission, which originally administered the Act, to get its machinery functioning.

Twenty days (seven days in the case of the sale of securities of any foreign public authority which has continued the full service of its obligations in the United States, the proceeds of which are to be devoted to the refunding of said obligations) must elapse between the date of filing the registration statement and the date selling can commence, which is termed the effective date of registration. The Commission has ruled that the first day after the filing is the first of the twenty days, and that Sundays and legal holidays are to be counted in the same respect as business days. The purpose of the twenty day waiting period is to give the Commission an opportunity to discover defects in the registration statement with a view to their amendment and to afford a public and professional scrutiny of the proposed issue.

The effective date may be postponed if an amendment to any such registration statement is filed prior to the effective date of such statement, unless it is consented
to or ordered by the Commission, and then the registration statement is deemed to have been filed when such amendment was filed so that the twenty days in the case of a domestic corporation or the seven days in the case of a foreign public authority start running again.

It may also be postponed if it appears to the Securities and Exchange Commission that a registration is incomplete on its face or inaccurate in any material respect, and the Commission may, after notice not later than ten days after the filing of the registration statement and after opportunity for hearing at a time fixed by the Commission within ten days after such notice, issue an order prior to the effective date of registration, refusing to permit such statement to become effective until it has been amended in accordance with such order. When so amended, the Commission shall so declare and the registration statement then becomes effective, either on the original effective date, or upon the date of such declaration, whichever date is later.

Even after the registration statement has become effective, and even though the issuing corporation has contracted with the underwriters for the sale of securities and the underwriters and their associates have commenced to sell the securities, the Commission may, after notice and hearing, if it appears to the members of the Commission that the registration statement includes any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, issue an
order postponing the effective date of the registration statement until amended. When the statement has been amended in the several respects required, the Commission may then declare such registration effective. During the period of suspension of the registration statement or while a stop order is in effect, it does not apply to sales by anyone except an issuer, an underwriter, or a dealer, or a broker soliciting orders. It only becomes effective as to an underwriter or a dealer; however, if the stop order is issued within one year after the last date upon which the security was bona fide offered to the public (excluding in the computation of such year any time during which a stop order is in effect as to the security) or after such one-year period if the underwriter or dealer still has on hand in connection with the distribution of such security by an issuer or underwriter, the whole or any part of an unsold allotment to or subscription by such underwriter or dealer as a participant in the distribution of such security. Therefore, after the one year, a stop order would not seem to apply to a dealer, or to a broker soliciting orders engaged in a bona fide secondary distribution of such securities for some one in no way connected with either the issuer or with a dealer or underwriter still having undistributed securities to which the order applied.

The Commission, in the conduct of its investigation of a registration statement is given access to and may
demand the production of any books and papers of, and may
examine the issuer, underwriter, or any other person in
respect to any matter relevant to the examination and
may also require the production of a balance sheet exhibiting
the assets and liabilities of the issuer, or its income
statement, or both, to be certified to by a public or
certified accountant approved by the Commission. In this
connection it should be noted that if the Commission should
demand that this should be done in the middle of an issuer's
fiscal year rather than demanding a balance sheet or income
statement already certified to by a public or certified
accountant, considerable delay would ensue because of the
necessary time it would take the accountants to make the
examination. It should also be noted that if any issuer
or underwriter fails to cooperate or obstructs or refuses
to permit the making of an examination, such conduct would
be sufficient to bring about a stop order.

Since there will usually be more than one underwriter,
this may mean that an innocent underwriter may suffer if
another underwriter should refuse to be examined.

The Act provides for court review of orders issued
by the Securities and Exchange Commission. This is, of
course, essential, but it should be noted in passing that
if the Commission should issue a stop order, as a practical
matter the sale of that particular security would probably
be ended even though the court should later decide in
favor of the issuer. This is true because by the time the
Commission could justify its position and the matter could
be thoroughly aired in the courts, the credit of the corporation would probably be considerably impaired, and if it had a maturity to meet it might default.

This feature of the Act has the possibility of causing considerable trouble, but inasmuch as the Commission will presumably exercise its functions in a conscientious manner, having due regard both to the rights of the issuer and the public purchasing the securities, it is hoped that in actual practice it will not hamper honest and reputable issuers and underwriters. This is true since the Commission may issue a stop order only if it appears to it that the registration statement includes an untrue statement of a material fact or omits to state a material fact required by law to be stated or necessary to make the statements therein not misleading.
CHAPTER IX

CONTENTS OF REGISTRATION STATEMENTS
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The various registration statements designed for the different types of business establishments produce the information which prospective investors should have before they invest in any type of an enterprise which intends to market its securities in interstate commerce or through the mails. It is necessary that an issuer include all the information indispensable to the formation of accurate judgment of the value of securities, and that the issuer does not omit any information which if omitted might make any other information contained in the registration statement misleading.

Section 7 of the Act states that every registration statement shall contain the information required in Schedule A of the Act (see page 19 of Exhibit 1, Appendix I) and that every registration statement should be accompanied by the documents specified in the Schedule. The Securities and Exchange Commission has been empowered by the legislature to formulate rules and regulations whereby certain types of issuers are required to set up in the registration statement only the information peculiar to this group and this has resulted because many items in Schedule A are not applicable to all types of businesses. Special registration forms, to be covered later, have been designed by the Commission to meet the set-up of these establishments.
To comply with the Federal Trade Commission Rule, Article 6, registration statements must be prepared on the forms prescribed by Commission which are in use at the date of filing. These forms, when correctly completed, contain all the information desired about an issue and may be obtained, to be filled out by an issuer, from the Commission in Washington, D.C.

The statements must appear on good quality, unglazed paper, $8\frac{1}{2} \times 11\frac{1}{2}$ inches, and should be printed or typewritten. All papers accompanying the registration must conform to the same rules and only ink which can be photostated is to be used. When all the papers pertaining to a registration have been completed, such papers with the registration statement should be bound together only on the left-hand side with a margin of $1\frac{1}{2}$ inches.

The Commission has created forms for registration (see Appendix II) for use of the following:

<table>
<thead>
<tr>
<th>Number of Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary issuers, all except those covered by the other statements in this listing (Exhibit 1-Appendix II)</td>
</tr>
<tr>
<td>Investment trusts, not incorporated, and not having a board of directors or persons performing similar functions, of the fixed-management type having a depositor or sponsor (Exhibit 2-Appendix II)</td>
</tr>
</tbody>
</table>
(3) Certain types of certificates of interest in securities (Exhibit 3 - Appendix II) C-2

(4) Certificates of deposit to be used in connection with a plan of adjustment or reorganization (Exhibit 4 - Appendix II) D-1

(5) Certificates of deposit to be used only where the issuers of the Certificates of Deposit is the original issuer of the securities called for deposit (Exhibit 5 - Appendix II) D-la

(6) Securities in reorganization (Exhibit 6 - Appendix II) E-1

(7) Voting-trust certificates (Exhibit 7 - Appendix II) F-1

(8) Landowner's producing royalty interest, Divisions I, II, III, (Exhibit 8 - Appendix II) A

(9) Landowner's non-producing royalty interest, Division I, II, (Exhibit 9 - Appendix II) B

(10) Producing working (or lease) interest, Divisions I, II, (Exhibit 10 -Appendix II) C

(11) Non-producing working or leasehold interest, Divisions I, II, (Exhibit 11 Appendix II) D

(12) Overriding producing royalty interest, Divisions I, II, (Exhibit 12 -Appendix II) E

(13) Over-riding non-producing royalty interest, Divisions I, II, (Exhibit 13 -Appendix II) F
(14) Producing oil (gas payment), Divisions I, II, (Exhibit 14 - Appendix II)

(15) Non-producing oil (gas) payment, Divisions I, II, (Exhibit 15 - Appendix II)

(16) Confidential statement of sale of oil or gas interest (Exhibit 16 - Appendix II)

(17) Non-producing oil and gas royalty interests (Exhibit 17 - Appendix II)

Because of the very large amount of detail which would result if I were to discuss fully these various forms of registration statements to be used according to the type of the issuer, I am undertaking to bring out only the more important features of each registration form.

Form A-1 is to be used by all ordinary issuers for whom a special type of registration statement has not been devised, these special forms being enumerated above. This form requires the following main points of information, in addition to certain exhibits and copies of the prospectus, all of which go to make up the registration statement.

1. Description of the issuer
2. An analysis of securities outstanding or to be issued.
3. Information concerning the underwriter
4. Copies of the articles of incorporation, of the latest annual report to the stockholders, of agreements affecting any securities offered or to be offered, of agreements made with underwriters.
of legal counsel respecting the legality of the issue, of specimens of each security of the issuer now outstanding and to be issued under the registration statement, of contracts not pertaining to the ordinary business made within two years before the filing of the registration statement or at or after such filing, and of orders certified by State regulatory bodies denying rights to sell securities.

5. Financial statements consisting of balance sheet, profit and loss, and surplus and of consolidated balance sheets and profit and loss statements of the issuer and subsidiaries, and any statements or schedules necessary to support any of the foregoing.

Form C-1 is to be used for registration purposes by investment trusts, not incorporated, and not having a board of directors or persons performing similar functions, and of the fixed-management type having a depositor or sponsor. Incorporated investment trusts are required to file A-1. Information required in C-1 pertains to the instrument creating the trust which is to be fully described, to the securities issued or to be issued, to the securities or property in the trust, to the conditions under which the estate is to be managed or terminated, and to the relationship of those coming under the particular trust agreement as to liens. Complete information as to the qualifications of the trustee and fees charged and as to duties and responsibilities of such trustee, and of the removal of such trustee and of the
appointment of a successor is also required.

A description of the depositor and his relation to the trust, together with the securities in the trust and the names of the underwriters of such securities is required. Same information is required when the sponsor is other than the depositor. Exhibits of financial statements and of all trust agreements and certificates and of the opinions of experts used in connection therein must be included by the issuer when C-1 is being filed.

Form C-2 is to be used for registration purposes for certificates of interest in securities of a single class of a single issuer, if the following conditions exist:

1. The major part of the certificates are to be sold to the public for cash;

2. Under the terms of the deposit agreement the Depositor has no rights or duties as depositor, subsequent to the deposit of the securities with the depositary:

3. Under the terms of the deposit agreement, the power to vote or give a consent with respect to the deposited securities may be exercised only by, or pursuant to the instructions of, the holders of the certificates of interest, except a power, if any, to vote to effect a split-up of deposited stock in such manner as to cause no change in the aggregate capital stock liability of the issuer of deposited securities;
4. The securities deposited by the Depositor are registered under the Securities Act of 1933 in connection with the sale of the certificates of interest.

Information pertaining to the organization, the depositor, the deposit agreement, the depositary, and exhibits of the deposit agreement, of the certificate of interest, and, if the depositary is not a bank or trust company, a balance sheet of the depositary as last published or made available generally to its security holders.

Form D-1 is to be used for registration of certificates of deposit used in anticipation of or in connection with reorganization proceedings. This form consists of Parts I and II, both of which are to be filed if a plan of reorganization is proposed at the time the call for deposits is to be made. If no such plan is submitted to the security holders, Part I is filed alone. Part II is an amendment to Part I, and becomes effective on such date as the Securities and Exchange Commission may determine considering the public interest and the protection of investors. An issuer may be exempt from filing Part I, but is compelled to file Part II.

The matter to be incorporated in D-1 consists of information concerning the original issuer and the issue or issues to be called for deposit, concerning the issuer concerning the deposit agreement and certificates of deposit, concerning the depositary, and exhibits of the deposit agreement, of the certificate of deposit, of written contracts to which
the issuer may be a party, of the names and addresses of persons to whom it is intended to mail or send a call for deposit, of copies of the circular to be used by the issuer in soliciting deposits, and of the trust agreement or other document defining the rights of the security called for deposit.

Form D-1A is to be used only where the issuer of the Certificates of Deposit is the original issuer of the securities called for deposit, and only if the Certificates of Deposit are issued in connection with a plan of reorganization or readjustment which involves the issue of new securities to the holders of Certificates of Deposit. This form seeks information concerning the issuer and the securities to be called for deposit, concerning the plan, concerning deposit agreements and deposits, concerning depositaries, reorganization managers, and it calls for, in addition, exhibits of the deposit agreement, of the certificate of deposit, of any written contracts to which the issuer is a party, of a list of the names and addresses of persons to whom it is intended to mail or send a call for deposits, and of copies of the trust agreement or other document defining the rights of the security called for deposit.

E-1 is to be used for registration of securities (including contracts of guaranty but excepting voting trust certificates, certificates of deposit, and certificates of interest or shares in unincorporated investment trusts
of the fixed or restricted management type not having a board of directors or a board of persons performing similar functions, but having a depositor or sponsor) sold or modified in the course of a reorganization, as defined in Rule 5 of the rules as to the use of form E-1.

Rule 5 states that the term "reorganization" includes any transaction involving:

1. A readjustment by modification of the terms of securities by agreement; or

2. A readjustment by the exchange of securities by the issuer thereof for others of its securities; or

3. The exchange of securities by the issuer thereof for securities of another issuer; or

4. The acquisition of assets of a person, directly or indirectly, partly or wholly, in consideration of securities distributed or to be distributed as part of the same transaction directly or indirectly to holders of securities issued by such person or secured by assets of such person; or

5. A merger or consolidation.

The information to be included in this form concerns the character and the business of the issuer of the securities in the plan and the subsidiaries or parent company of the issuer. The registration statement, E-1, also seeks information as to the features of the reorganization, details with respect to each class of security holders and creditors of the issuer, and a complete
analysis of the capital structure before and after completion of the plan. Complete information as to the management, control, and operations must be included in E-1. When the securities to be registered are based upon real estate, full details of such real estate must be furnished as to uses of property, occupancy, equipment, liens, and taxes. A full description of property and securities which were or are being acquired under the reorganization plan must be filed. The exhibits to be filed include certificates of incorporation, latest financial reports, certified orders of State regulatory bodies, trust and deposit agreements, and prospectuses.

Registration of voting-trust certificates is to take place on form F-1. Voting-trust certificates include any security which evidences a participation in a voting trust or other agreement for the holding of securities for voting purposes. The voting trustees under the voting-trust agreement are not the "issuers" but rather the voting-trust created by the agreement under which the certificates are issued. The information to be included in the registration statement filed for voting-trust certificates includes a description of the issuer and of the trustees, the terms of the trust agreement, description of the securities in the trust, provisions relative to the trustees, and any orders handed down by State security commissions forbidding the sale of any securities issued by the trust. Copies of the trust agreement and contracts pertaining to it must be included in the registration statement. No
financial statements are required to be filed.

Schedule A is to be filed covering the securities issued by a landowner who receives royalties for oil and gas produced from his land.

Schedule B is to be filed by an issuer covering the securities issued by a landowner whose land does not produce any royalty interests.

Schedule C is to be filed by an issuer where the offering made to the public is of a working (or leasehold) interest and wherein the purchaser of a security should be aware that he may be liable for at least his portion of claims and costs arising out of the development and operation of the property, although any such liability may, in the first instance, be assumed by another.

Schedule D is to be filed by an issuer whose property is of the non-producing working or leasehold interest type.

Schedule E is to be filed by an issuer where the offering is of an overriding royalty interest type. It arises out of an agreement by the holder of an oil and gas mining lease interest, and must terminate with the lease. It is not a perpetual ownership of an interest in the oil, gas or minerals in place.

Schedule F is of an overriding non-producing royalty interest. It arises out of an agreement by the holder of a non-producing oil and gas mining lease interest, and must terminate with the lease. It is not a perpetual ownership of an interest in the oil, gas or minerals in place.

Schedule G is to be filed by an issuer of a producing
oil (gas) payment class and three divisions of information are to be included in the form.

Schedule H is to be filed by an issuer of a non-producing oil (gas) payment class and this schedule calls for three classes of information.

Form 1-G is used for the setting up of a confidential statement of the sale of an oil or gas interest. This form must include information furnished by the registrant pertaining to the type of interest sold, amount sold, sales price, and evidence of the title furnished purchaser.

Form G-2 is used for the registration of fractional oil or gas rights or royalties of a non-producing type. Producing royalty interests are royalty interests in a tract of land from which oil or gas was being produced in commercial quantities within seven days prior to the filing of the registration statement and from which the production of oil or gas had not permanently ceased to the knowledge of the issuer, on the date on which the statement became effective. Any royalty interests which do not come within the meaning of a producing royalty interest are of a non-producing royalty interest type.

An inspection of the seventeen types of forms which I have covered to be filed by issuers in connection with the registering of an issue of securities discloses the fact that many additional statements, contracts, trust agreements, charters, and copies of accountants' and appraisers' reports must be filed with the main registration
form. The preparation of these papers is a very long, involved, and complicated task at which the bankers and company officials and their respective counsel usually work night and day, in order to incorporate in the registration statement and in the prospectus, which advertises an issue, only the information which is absolutely correct and which will eliminate any suit being brought against such individuals by purchasers of securities who claim a loss in a particular purchase because of misleading information furnished them.
CHAPTER X

ACCOUNTANTS AND THE SECURITIES ACT OF 1933
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An accountant who has, with his consent, been named as having prepared or certified any part of the registration statement or as having prepared or certified any report or valuation which is used in connection with the registration statement is liable if any part of the registration statement contains an untrue or misleading statement of a material fact or omits a material fact required to be stated.

The liability of the accountant, however, is limited to the statement in such registration statement, report or valuation which purports to have been prepared or certified by him.

An accountant must, therefore, for his own protection, consider seriously the problems he is likely to encounter should he decide to accept an engagement for an examination that involves the registration of securities under the Act. The following problems are perhaps the most important an accountant would be likely to meet in the course of an examination for registration purposes.

Cash

An accountant should not rely on acknowledgments from custodians of cash as to the existence of such and the amount since, by reason of the fiduciary standard imposed upon him by the Act, he could be held liable for any errors in this item because of his failure to conduct a personal
investigation of the cash.

**Accounts Receivable**

An accountant ordinarily confirms 75 or 80 per cent of the balances of the customers' accounts, but under the Act, because of the fiduciary capacity he is engaged in, he should extend his examination of these accounts 100 per cent, if possible, and he should state in his report the scope and result of his examination of the accounts receivable.

**Reserves For Bad Debts**

The accountant should determine to the best of his judgment what part of the notes and accounts receivable may prove to be bad and what parts are actually bad, and he should further ascertain that those receivables which are known to be uncollectible have been charged off and that adequate reserves have been provided for doubtful notes and accounts.

**Inventories**

Because of the fact that under the Securities Act an accountant is considered a fiduciary, he is required to assume complete responsibility for the correctness of the quantities and descriptions in inventories. The accountant is, accordingly, under the necessity, if practical, of
extending the scope of his examination of all inventories to the point where he should actually oversee the taking of the inventories, either alone or in conjunction with recognized experts in the particular lines of material or merchandise to be inventoried.

A client might seriously object to the cost of such an examination and in this case it seems desirable for an accountant to extend the scope of his examination of inventory values to an extent that will enable him to accept a reasonable degree of responsibility as to values.

**Plant and Equipment**

The accountant should investigate all charges to the plant and equipment accounts in respect to capital expenditure. He should also make sure that abandonments of property and plant have been charged off in the accounting records. If any appraisals of the plant and equipment have been made by independent appraisal companies the accountant should compare such appraisal values with the values he has determined in order to make sure, among other things, that no leased property has been included in the appraisal as owned property; that as regards recent acquisitions listed in the appraisal, corresponding entries have been made in the financial records of the issuing corporation, and, last but not least, that no items of supplies, repair parts or similar items, included by the issuing corporation in its inventories, have been duplicated in the appraisal. When
the appraisal shows a substantial amount over what the books show, the accountant should make such further comparisons of the appraised and book values as will enable him to account substantially for the difference. Any parts of property that have been out of service for an extended period should be identified and shown separately on the balance sheet.

**Depreciation and Depletion**

In considering depreciation and depletion, it is of interest that the issuing corporation is required under the Act to make a reasonably complete disclosure both as to policy and amounts appropriated. When the amounts appropriated appeared to be adequate, the accountant would not, of course, hesitate to certify the balance sheet and profit and loss statement. In case the amounts appropriated were based on rates furnished by an independent appraiser or engineer, it might seem advisable for the accountant to mention in his report or certificate the authority for the rates used.

**Intangible Assets**

One could hardly guess as to the extent to which the accountant could be held responsible for the reasonableness of the values at which intangible assets are stated in the balance sheet of the issuing corporation and the adequacy of the amounts charged off in the profit and loss account.
of the issuing corporation in respect to amortization. The only safe course will be for the accountant to make a complete disclosure in his report or certificate.

**Accounts Payable**

As to accounts payable, the accountant should ascertain that all the creditors' claims have been given effect to in the balance sheet.

**Contingent Liabilities**

The accountant should indicate in his report or certificate the scope of his inquiries in regard to contingent liabilities and he should also indicate to what extent he has relied upon the assurances of the officers of the issuing corporation regarding this group of items.

**Accountant's Records**

In view of the fact that the burden of proof is transferred, under the Securities Act, to the accountant, and on the assumption that each engagement in connection with an issue of securities will carry with it the possibility, if not the probability, of litigation, it is appropriate that some consideration should be given to the accountant's working papers and other records relating to the engagement. Of the many precautions that should be taken when working papers and other records may have to be produced in court, the following are, perhaps, the most important:
Each working paper should be signed by the accountant who prepared it and should show the date on which it was prepared and from what records. Where a working paper is the subject of discussion with officers or other representatives of the issuing corporation, the names of the persons present at the discussion and the date, purpose and results of such discussion should, also, be noted on the working paper by the accountant conducting the discussion.

Where the investigating is being done by an accounting firm, detailed time reports of the staff members should be prepared to set forth in reasonable detail the nature and extent of the work done in relation to each book or account or other matter upon which work has been done. Conferences with members of the client's organization in regard to matters arising during the examination should also be referred to in the detailed time reports.

Concerning the file of documents generally referred to as the "permanent file," it is desirable to have any unsigned copies of such documents authenticated by the secretary of the issuing corporation. To aid identification of the documents in court, the date of receipt and the names of the persons who, respectively, tendered and received the documents should be noted thereon.

Accountant's Report or Certificate

The accountant should include in his report or certificate a comprehensive statement descriptive of the scope of the examination. He should also include whatever
qualifications are necessary in respect of items in the balance sheet and profit and loss statement that have not been fully verified. Finally, he should include in his report or certificate such explanations as are necessary to the end that the report will be completely informative.

Accountant's Statements

As to the form of the balance sheet and profit and loss statement, it appears to be incumbent upon the accountant to amplify the descriptions of the individual items in these statements to such an extent as may be necessary to ensure that the statements shall be completely informative and readily understood by investors not familiar with accounting terminology.
CHAPTER XI

ADVERTISING OF SECURITIES
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ADVERTISING OF SECURITIES

The essence of the Federal Securities Act is the requirement of truthful and complete disclosures in all forms of advertising employed to effect the sale of a particular issue of securities. Advertising of securities is done mainly through a prospectus which Section 2 (10) of the Act defines as being any notice, circular, advertisement, letter or communication, written or by radio, which offers any security for sale.

Adequate advertising of new security issues has been one of the most troublesome problems facing the Securities and Exchange Commission. The Commission and its staff have worked energetically toward devising a practical solution which will permit reasonable latitude to advertisers and thereby to increase the information available to the public and yet which will conform to the requirements of the Act.

The Securities Act of 1933 and the regulations of the Commission pursuant thereto have a simple single objective which can be best summed up in word publicity. Many suggestions were made to Congress early in 1933 as to the appropriate concept for securities control. Of them all Congress decided that a publicity statute with appropriate safeguards would be adequate to control the unfortunate incidents of security distribution which
occurred during the years 1927, 1928, and 1929. This objective of "information for the investor" Congress sought to attain in a number of ways.

1. The law requires that no sale of an unregistered security by the issuing corporation and underwriter or dealer shall be legal unless at the completion of the sale, the purchaser is furnished with a prospectus containing information which is deemed, not only by the Commission but by the financial interests themselves, as essential to intelligent appraisal of the security;

2. Congress sought to attain publicity by requiring that advertisements of new offerings likewise contain similar information, the scope and extent of which was left to the discretion of the Commission.

In the administration of the Act, the central problem for the Commission has been one of judging as to what information should be required which is necessary for the protection of the investor and at the same time can be furnished without unreasonable effort or expense. On the application of this standard no one can be certain in an exact sense and the Commission struggled with this problem for many months, keeping in mind the interests of all parties involved, and not making final judgment until representatives of all classes had been given an opportunity to be heard. The forms, however, devised by the Commission have been, for the most part, favorably received.
The problem of the prospectus continues to receive a large part of the Commission's attention in order that the goal of practicability and understandability may be obtained in the use of the necessary documents. There have been statements by critics to the effect that prospectuses are growing so complicated that it is impossible for anyone except legal and accounting experts to understand them. Some critics have drawn up registration statements and prospectuses which have omitted essential points of information which should be called to the attention of those whose money is sought in a public offering.

One of the most disappointing features in connection with the public offering of securities has been the fact that new offerings have not been advertised to any great extent in newspapers and periodicals. It is not entirely clear why this should be so. The Securities and Exchange Commission has cooperated to the fullest extent with advertising houses throughout the country in a desire to overcome the present reluctance of underwriters to employ the medium of newspaper and magazine advertisements in order to present new offerings of securities to the purchasing public.

By provisions of the Federal Securities Act of 1933, many securities such as governmental and municipal obligations, those issued by railroads subject to the Interstate Commerce Commission, or securities issued only to residents of the state in which the issuing corporation is incorporated or doing business are exempt. Advertisement
of securities exempt from registration, so far as concerns newspapers and advertising agencies, is unaffected by the requirements of the Act. The advertising restrictions which the Securities Act has imposed apply only to securities which are required to be registered. As to the advertising of exempt securities, it is controlled only by the general law as it existed prior to the Securities Act.

Section 5 of the Act not only forbids the sale of any unregistered security which is not exempt from registration, but also forbids the transmission through the mails or in interstate commerce of any prospectus which does not contain the type and degree of information which is universally regarded as essential. Section 2 (10) of the Act, as previously mentioned, defines a prospectus as comprising any communication which offers a security for sale. Consequently, any ordinary newspaper or magazine advertisement would constitute a prospectus and would, therefore, be subject to the Commission's rules and regulations governing the use of advertising materials.

Congress, however, specifically excluded from the definition of the term prospectus a bare notice which does no more than name the security, the price at which and by whom it is offered. Such a notice is, in many respects, similar to a professional calling card, in that the only possible sales appeal lies in the name alone. This type of advertisement can do little or nothing towards achieving the purpose of the Securities Act which is to apprise the investing public of the nature and of the background
of the security offered. The only quality of these statements of name and price and the seller of the new securities is that being so small they cannot contain over-persuasive language and thus cannot do the investor any harm. Such a quality is, on the other hand, a negative one. This type of an announcement is of little or no value to the prospective investor faced with the problem of where to put his earnings. The problems of advertising an issue of securities cannot be solved by a mere announcement of the names of the securities. Since such announcements do not really amount to advertisements, the Act does not pertain to them.

In April, 1935, the Securities and Exchange Commission commenced a series of round table discussions with the financial editors of several large newspapers and with the representatives of a number of advertising agencies. With the aid of these groups, the Commission sought to solve practical and workable rules which would not only permit the advertisement of new offerings, but would encourage them. These rules which apply in the advertising of all securities in which the public generally might be interested, embodied almost entirely the suggestions of the newspapers and advertising agencies which helped in deciding what information and how much of it the public should receive through the medium of advertising in order to be adequately protected. The information required was considered to be the minimum that a prudent investor should have in order to make up his mind. In framing these rules the Commission was constantly
aware of the practical limitations on advertising space and therefore strove to eliminate from the required information all but the necessary elementary facts. The following in substance is what a newspaper advertisement for a new offering must contain:

Besides the name of the issuing corporation and the state of its incorporation, a brief outline of the general character and developing of its business, and in outline form a short statement of the corporation's capital structure so that the investor may know the debts to which as a security holder he may be subordinated, and the stock issues to which he may be subjected or in which he may participate. Only the barest information about the corporation's outstanding capital issues is required, in general, only the title and the amount of the outstanding issues and the principal or par value amount. A somewhat more detailed description of the securities which are offered in the advertisement is required. The prospective investor should certainly be informed of the name and par value or principal amount of the issue, its retirement or redemption features, and the security which underlies it, and which will protect his investment. The rate and method of paying interest or dividends must be set forth as well as the voting rights which go with the security offered for sale. In substance, it is only required that the prospective purchaser be informed of the rights which are incident to the instrument for which he is asked to pay his money. The Commission has also required that the investing public be told who
the underwriters are and what their profit for underwriting
the issue is to be. Inasmuch as the purchaser of the security
is buying not only a piece of paper but a share in a busi-
ness, the Commission also believes that he ought to know
the purposes to which his money is to be put. If the
investor's money is to go towards the acquisition of patents,
he should be told briefly of the nature and significance
of the rights which the corporation purposes to acquire. No
financial statements are required and no detailed informa-
tion, the effect of which might be only to confuse the
uninitiated.

The requirements are, therefore, that only a short
sketch of the business and condition of the issuing
corporation be published, if purchasers are to be solicited
through advertising.

An advertisement may be illegal under the Securities
Act, not only because it fails to conform with the Commission's
requirements in connection with the Act, but also if it offers
for sale an unregistered security which is not exempt from
the registration provisions. This is because the Act in
general forbids any offering of an unregistered security
which the law requires to be registered. The possibility,
however, of liability being imposed upon a newspaper or
advertising agency, even in the event that the advertisement
is illegal, is practically negligible. The right of civil
action which is given by the Act to persons who have been
sold securities in violation of the law extends only against
the person who thus sold him the security. Consequently,
newspapers, magazines and advertising agencies can have nothing to fear on that account, since in the normal case neither the advertiser nor the paper running the advertisement are engaged in selling the security for their own account. Criminal liability can only be imposed for a wilful violation of the Act. As a result, any advertising agency, newspaper or magazine preparing or carrying an advertisement in good faith, believed to be legal, has nothing to fear either from the law or from the Commission. Section 12 and 17 of the Act impose civil and criminal liability respectively for any false or misleading statement wilfully made in inducing the sale of a security.

Section 17(b) states:

"It shall be unlawful for any person, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, to publish, give publicity to, or circulate any notice, circular, advertisement, newspaper, article, letter, investment service, or communication which, though not purporting to offer a security for sale, describes such security for a consideration received or to be received, directly or indirectly, from an issuer, underwriter, or dealer, without fully disclosing the receipt, whether past or prospective, of such consideration and the amount thereof." 1

This subsection renders criminal the publication of any description or advertisement of a security where the publisher or writer of the description is paid for so doing by the issuing corporation, or any underwriter or dealer,

1 "Federal Securities Act of 1933," Section 17 (b)
unless the person responsible for writing and circulating the description states not only that he is paid to do so but states the amount of the consideration as well. This subsection was designed to prevent the former widespread use of so-called "tipster sheets" wherein supposedly disinterested and unbiased investment services were paid to praise the securities in which some particular underwriter or dealer was interested. In other words, the section is designed to prevent a secretly interested person, having his own pocket to serve, from masquerading as an impartial adviser of the investing public. The only affirmative requirement of the Act is that the person responsible for such a description or advertisement shall disclose the compensation paid to him. It is believed that the word "consideration" as used in the Act does not include the normal advertising rates which are charged by newspapers and magazines. Hence, publications accepting securities advertisements at their regular advertising rates need not disclose the amount thereof. Nor does this subsection affect the role played by an advertising agency in drafting or revising the copy for the advertisement, since the statements which may be contained in the advertisement do not purport to be made by the advertising agency. In fact seldom or never does the name of the agency handling the advertisement appear. The investing public is not asked to buy the security on the strength of what the advertising agency may think of its investment merits and therefore an agency which drafts or revises advertising material which purports to be a statement by, and of, an issuing corporation,
underwriting house or a dealer is not affected by this subsection. The liability of the subsection is imposed only on one who though not purporting to offer the securities for sale, describes such securities for a consideration, but fails to disclose the fact of consideration.

Many criticisms have been made to the Securities and Exchange Commission, as previously mentioned in this chapter, to the effect that the information contained in the prospectuses is over the heads of the average person. It is, however, no answer to the registration and prospectus requirements of the Act to say that many investors are at sea when confronted with a balance sheet or with technical terms. The market of securities in the normal case depends upon the reaction of intelligent investors to the information available. Under the old order, essential information was difficult to obtain in any form, even for the most expert of security analysts. The present law seeks to compel issuers and underwriters to make available essential information when funds are sought from the public.
CHAPTER XII

THE SECURITIES AND EXCHANGE COMMISSION
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THE SECURITIES AND EXCHANGE COMMISSION

When the Securities Act was first passed, the administration of it was entrusted to the Federal Trade Commission. Under the amendments to the Act, however, which were signed by President Roosevelt on June 6, 1934, there was a provision for the establishing of a commission whose only duties were in connection with the Securities Act.

The present Commission is composed of five people appointed by the President with the advice and consent of the Senate. Not more than three of such commissioners are to be members of the same political party. No commissioner can hold any other position while serving as a commissioner, nor can he engage in any stock market practices which the Act seeks to do away with. Each commissioner receives an annual salary of $10,000, and holds office for a term of five years, excepting that terms of office of the commissioners first taking office after the date of enactment of the Act expire, as designated by the President at the time of nomination, one at the end of one year, one at the end of two years, one at the end of three years, one at the end of four years, and one at the end of five years.

The Commission can appoint and fix the salaries of all assistants required in administering the Act.

The powers of the Commission are of four main classes:

1. To draw up rules and regulations
2. To interpret all terms used in connection with the Act.

3. To suspend the effectiveness of a registration statement when deemed advisable.

4. To secure injunctions from the Courts in connection with violations of the Act, and to secure orders from the Courts compelling an issuer to comply with the Act.

Section 19 of the Act broadly defines the powers which the Commission possesses with respect to the Act. The Commission can interpret the Act and these interpretations are printed in the form of official releases, a number of which appear in Appendix II.

The Commission is empowered to devise forms of registration statements and prospectus and, when such are compiled by a prospective issuer, to pass upon the effectiveness. The Commission can also exempt from registering under the Act any issue of securities under 100,000 which registration it believes is not necessary in the public interest and for the protection of investors.

The Commission has the power to issue stop orders in connection with infractions of the Act or its rules and regulations. These stop orders are issued by the Commission, if the registration by a prospective issuer is not considered valid, to prevent the sale of the securities to the public until such a time as the registration has been amended. Failure on the part of an issuer to heed a stop order by continuing the sale of securities, despite such an order
may give rise to injunctive or criminal proceedings brought in Court by the Commission.

Anyone who doubts the legality of an order issued by the Commission suspending the effectiveness of a registration statement may have recourse to a review of the order by the courts. It is essential for such person to have objected to the order at a hearing before the Commission.

The Commission has adopted certain rules as to the transaction of commission business. The office of the Commission is open for the transaction of business under the Act at Washington, D. C., on business days between the hours of 9:00 A. M. and 4:30 P. M., except Saturday, when the office is open from 9:00 A. M. to 1:00 P. M.

All orders of the Commission are to be signed by its Secretary, Francis P. Brassor.

All hearings before the Commission are public and, unless otherwise indicated, such hearings will take place at the office of the Securities and Exchange Commission in Washington, D. C. All proper parties entitled to be heard at such hearings may appear in person or by counsel or other duly authorized representative. An appearance of counsel or representative must be preceded by the filing with the Commission of an authorization to act as such.
CHAPTER XIII

FORMS OF LIABILITY UNDER THE ACT
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FORMS OF LIABILITY UNDER THE ACT

One of the most important questions involved in connection with the Securities Act is that of liability. The Act sets up the liability provisions in Section 11 - liability on the registration statement; Section 12 (a) liability for selling unregistered securities or failure to deliver a proper prospectus in the case of registered securities, (b) liability of vendors for untrue or misleading statements; Section 17-(a) liability for fraud in connection with the sale of securities, (b) liability for intending to give disinterested advice while secretly accepting pay; Section 24 - the criminal penalties for wilful violations. These liabilities I shall discuss in this chapter. The fundamental thought conveyed in Section 11 and 15 of the Act is that each and every person concerned with responsibility for the issue is made jointly and severally liable for the whole amount of the issue in either rescission or damages in case any part of the registration statement, when such part becomes effective, contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

The suit authorized by Section 11 may be either (1) to recover the consideration paid for such security, with interest thereon, less the amount of any income received thereon, upon the return of such security, or (2) for
damages if the person suing no longer owns the security. The Act further provides that in no case shall the amount to be recovered exceed the price at which the security was offered to the public. It should be noted that any person buying a registered security is entitled to rely on the registration statement. He need not prove he relied on it and liability exists on intrastate sales even though the mails were not used.

The Act provides that every person who becomes liable to make any payment by reason of misleading statements or omissions in the registration statement may recover contribution as in the cases of contract from any person who, if sued separately, would have been liable to make the same payment, unless the person who has become liable was, and the other was not, guilty of fraudulent misrepresentation. The classes of persons liable in case any part of the registration statement contains an untrue or misleading statement of a material fact or omits a material fact required to be stated are as follows:

1. The issuing company and any person or company controlling the issuing company;

2. All of the directors of the issuing company;

3. The principal executive officers, the principal financial officers, and the principal accounting officers of the issuing company;

4. Any and every person whose profession gives authority to a statement made by him, who has, with his consent, been named as having prepared or certified any
part of the registration statement or as having prepared or certified any report or valuation which is used in connection with the registration statement. This liability is limited to the statement in such registration statement, report, or valuation which was prepared or certified by such expert; and

5. Every underwriter regardless of the amount of his participation.

Except for the issuer or those made liable under Section 15, any of the above named persons can avoid liability, if he can sustain the burden of proof, as follows:

1. That before the effective date of the part of the registration statement with respect to which his liability is asserted (a) he had resigned from or ceased or refused to act in every office, capacity, or relationship in which he was described in the registration statement as acting or agreeing to act; and (b) he had advised the Commission and the issuer in writing that he had taken such action and that he would not be responsible for such part of the registration statement; or

2. That if such part of the registration statement became effective without his knowledge, upon becoming aware of such fact, he acted or advised the Commission as mentioned above and in addition gave reasonable public notice that such part of the registration statement had become effective without his knowledge; or

3. That as regards any part of the registration statement not purporting to be made on the authority of an
expert, he had, after reasonable investigation, reasonable ground to believe and did believe at the time the registration statement became effective that the statements therein were true and that there was no omission of a statement of material fact required to be stated therein or necessary to make the statements therein not misleading.

4. In addition, the directors, officers, and underwriters are protected with respect to those parts of the registration statement purporting to be made on the statements or reports of experts or official persons or public documents, if they can sustain the burden of proof that they had reasonable ground to believe and did believe at the time such portions of the statement became effective that the statements or reports of experts or official persons or statements in official public documents or extracts from such statements, reports, or documents were true and did not omit a material fact required to be stated therein or necessary to make the statements therein not misleading and that such part of the registration statement fairly represented the statements of the expert, official person, or public document, or was a fair copy of or abstract from such report or valuation of such expert or official person or of such public document.

The Act provides that in determining what constitutes reasonable investigation and reasonable ground for belief, the standard of reasonableness shall be that of a person
occupying a fiduciary relationship.

The liability of an accountant, engineer, or other expert is limited to the part of the registration statement purporting to be made upon his authority as an expert or purporting to be a copy of or extract from a report or valuation of himself as an expert. An expert can escape liability if he can sustain the burden of proof that he had, after reasonable investigation, sufficient ground to believe and did believe, at the time such part of the registration statement became effective, that the statements therein were true and that there was no omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that such part of the registration statement did not fairly represent his statement as an expert or was not a fair copy of or extract from his report or valuation as an expert.

The liability placed on the issuing corporation or those controlling it is a severe one since they are made absolutely liable in either rescission or damages if the registration statement contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order that the facts therein stated may not be misleading. So far as a majority stockholder is concerned, the Act seems to do away with the distinction between corporations and partnerships. Section 15 provides that every person who, by or through the ownership of stock, or otherwise, or who,
pursuant to or in connection with an agreement with one or more other persons by or through stock ownership, or otherwise, controls any person liable under Section 11 or 12, shall also be liable jointly and severally with and to the same extent as such controlled person to any person to whom such controlled person is liable.

The liability placed upon the directors, the officers, the accountants, the engineers, and other experts is also severe because they are made liable in rescission as well as in damages, although they do not themselves receive the consideration for the security. To hold a person liable in damages for the consequences of his wrongful actions is one matter. But it is a far more serious matter to compel a person to refund money he never received.

Every person coming within the definition of an underwriter regardless of the amount of his participation is made jointly and severally liable in both rescission and damages, although he does not receive the consideration but turns it over to the borrower, retaining only his profit.

In addition to the liability imposed upon those responsible for the registration statement there must be considered the liability of all vendors of securities. Unless otherwise exempted by Section 3 or 4, Section 12 imposes civil liability for the use of the mails, and instruments of transportation and communication in interstate commerce in selling a security (1) when a registration statement is not in effect, and (2) when the requirements
as to contents and delivery of prospectus in the close of registered securities have not been compiled with, or (3) upon anyone selling any security including outstanding securities, registered securities, or securities exempt from registration, other than governmental, bank, or Federal Reserve securities, by means of any type of a prospectus which includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading.

The seller of a security is liable to the purchaser of such security from him as follows:

Either (1) to refund the consideration paid for such security with interest thereon, less the amount of any income received thereon, upon the turning back by the purchaser of the security sold or (2) for damages if the purchaser no longer owns the security unless (a) the purchaser knew of such untruth or omission or unless (b) the seller can sustain the burden of proof that he did not know, and in the exercise of reasonable care could not have known, of such untruth or omission.

Section 12 must be construed with Section 17 which, broadly speaking, makes it "unlawful for any person in the sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails directly or indirectly," to employ any scheme to defraud, or to engage in any transaction which operates or would operate as a fraud upon the
purchaser, or to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the circumstances under which they were made, not misleading.

Subparagraph (b) of Section 17 is aimed to check the specific abuse of tipster sheets which, fraudulently posing as unbiased, in reality and secretly accept payment for their services in boosting stocks. None of the exemptions contained in Section 3 apply to the provisions of Section 17.

Under Section 24 anyone who wilfully violates Section 17 is subject to a fine of not more than $5,000 -- or imprisonment for not more than five years, or both.

It is to be noted, in passing, that the Act provides that the liabilities imposed under the Act are in addition to those now existing at common law.

Section 13 of the Act provides that no action shall be maintained to enforce any liability created under Section 11 or Section 12 (2) unless brought within two years after the discovery of the untrue statement or omission, or after such discovery should have been made by the exercise of reasonable diligence, or, if the action is to enforce a liability for selling an unregistered security or for failure to deliver a prospectus meeting the requirements of Section 10 of the Act, unless brought within two years after the violation upon which it is
based. In no case can action be brought to enforce a liability created under Section 11 or Section 12 (1) more than ten years after the security was offered to the public in good faith.

Section 14 provides that any condition or provision binding any person acquiring any security to waive compliance with any provision of the Act or of the rules and regulations of the Commission shall be void.

In addition the Act provides the Securities and Exchange Commission with appropriate powers to enforce its provisions including the right to bring injunctions in advance of alleged violations.
CHAPTER XIV

ECONOMIC CONSIDERATIONS OF THE SECURITIES ACT
CHAPTER XIV

Economic Considerations of the Securities Act

Some part of the general public may be under the impression that the Securities Act is a sudden measure put through by Congress only to meet an emergency and intended as temporary legislation. If so, this is an erroneous impression. While it was the collapse of unsound financial structures under the stress of the depression of the last few years that brought home to the people the necessity for such legislation, that necessity had existed for a long time.

Since the days of the "South Sea Island Speculation," which I mentioned in Chapter I, the people of France, England, the United States and other countries, have had their savings swept away by investment in worthless and fraudulent securities. Those who are most frugal and conservative are often the most easily induced to buy worthless stocks and bonds and are the most easily misled by a rose-colored prospectus, and deceived by an inaccurate financial statement. Long ago the principal foreign countries passed laws regulating the issuance and marketing of securities, and have from time to time made them more stringent.

For many years the various states in the United States, through their "Blue Sky Laws" have been endeavoring to protect their citizens from those who would lead people to place their savings in highly speculative securities. These laws have served a good purpose and have afforded protection for those
who would sell within the boundaries of a state. Because the States lack jurisdiction over interstate sales, those from without have been little impeded. During the boom period preceding 1930 the interstate sales of unsound securities grew to such a proportion that billions of dollars were lost to the people of this country.

Realizing the necessity of national legislation, President Roosevelt and Congress put through a law which had for its purpose the elimination of this evil.

This legislation aims definitely to shut the door for all time upon those financial methods of the past that brought disaster to thousands of investors and, to a great extent, destroyed the broad base of public confidence upon which our economic structure depends. As a program for the future it opens the way to a rebuilding of public confidence along new lines, along lines that promise great benefit, not only to the great number of people who have their savings to invest in industry and in business, but also to those business and industrial organizations which merit that confidence, and stand ready to deal with their investors as co-partners in a common enterprise. Those who state that the requirements of the Securities Act which I have discussed, stand in the way of financial recovery, fail to realize that recovery is impossible unless confidence in financial institutions is first restored to the great number of large and small investors whose savings make possible the very existence of those institutions. As soon as that confidence has been restored
it will not be possible to believe that the irresponsible financial practices of the earlier era shall again be allowed to lead us blindly to the same disastrous outcome.

The outstanding and principal purpose of the Securities Act is that full disclosure shall be made of all material facts concerning an issue of securities that is offered for sale to the public. It stands squarely upon the principle that an investor whose savings are solicited for the uses and purposes of a corporation is entitled to be told the truth, the whole truth, and nothing but the truth. It proceeds upon the assumption that those who accept the trust of employing the money of other people in the conduct of business must let those people know the purposes for which their money is to be employed, and the facts upon which they can exercise their own judgment as to the wisdom of their venture. This is only a very simple requirement of common honesty and does not embrace any radicalism whatsoever. Common honesty which consists of telling the whole truth, and not just a part of it, is the legal standard to which those who offer securities for public investment must conform.

Since the passage of the Act, the questions which have been uppermost in the minds of all persons who are interested in the Act in any manner are: Will there be frank acceptance of the principles that a business which solicits investment by the public is bound to render fair account of itself and of what it proposes to do with the money? Or will there be an effort to defeat those requirements and to refuse
that responsibility?

To date the experience of the Securities and Exchange Commission with issuing corporations has shown on the whole a very definite intention on the part of issuing corporations to meet the requirements of registration, not merely in a technical sense, but fully and generously in compliance with its intent and purposes.

For the year ending December 31, 1935, the Securities and Exchange Commission, in a report published under its direction, stated that applications for the issuance of $3,141,811,917 of securities were filed with it under the provisions of the Securities Act of 1933. Of this total, on the basis of detailed figures through November 30, 1935, $2,474,517,850 became effective and were released for sale.

The total of securities for which registration statements have been filed since the 1933 Act became effective in July, 1933, was $4,752,100,489, of which $3,841,427,157 became effective up to November 30, 1935.

The large volume of registrations during 1935 included about $1,000,000,000 of issues registered by public utility companies, more than $300,000,000 of which were filed shortly before registration of utility holding companies which was completed December 1, 1935, in accordance with Title I of the Public Utility Act of 1935.

The major part of the 1935 total were bonds and debentures, the proceeds from which were for refunding higher interest-bearing securities which matured or were callable.
during the year. There was evidence of an increase in the amount of issues for working capital, plant expansion, and other corporate purposes. The recovery movement gained momentum in the closing months of the year 1935.

The flood of security issues in 1935 followed two developments, in the opinion of the Securities and Exchange Commission -- continuance of an extremely easy money market and the preparation of a new registration form A-2 (Exhibit I, Appendix II) by the Securities and Exchange Commission for the use of seasoned corporations, which removed many of the objections that issuers had raised against the earlier and much more complicated registration form.

The expansion of security offerings in 1935 is illustrated by the fact that registrations in 1934 totaled only $984,637,953, of which $922,744,512 became effective; and registrations in the last six months of 1933 totaled $625,650,618, of which $444,164,793 became effective.

The large volume of issues for 1935 surpassed the most optimistic forecasts made earlier in the year and clearly demonstrated that the Securities Act of 1933 has not put a stop to the flow of the people's money into all types of securities.
CHAPTER XV

SUMMARY
CHAPTER XV

SUMMARY

The Federal Securities Act of 1933, which I have analyzed in considerable detail, is the result of President Roosevelt's appeal to Congress on March 29, 1933 when he asked for a measure which would protect investors and depositors. He called to mind the disaster which raged in the fields of investment and commercial banking in the 1929-1933 era as he spoke to Congress, the following:

"There is an obligation upon us to insist that every issue of new securities to be sold in interstate commerce shall be accompanied by full publicity and information, and that no essentially important element attending the issue shall be concealed from the buying public ... .

"This is but one step in our broad purpose of protecting investors and depositors. It should be followed by legislation relating to the better supervision of the purchase and sale of all property dealt in on exchanges, and by legislation to correct unethical and unsafe practices on the part of officers and directors of banks and other corporations." 1

When the public is asked to finance a business, they are entitled to a fair picture of that particular enterprise. A statement should be afforded to them of the

character and scope of the business together with a description of the corporate structure and of the particular security offered. The investing public should be given a statement of the specific purposes for which the money is to be used and certified financial statements should also be placed in their possession.

The investing public is also entitled to know with whom they are dealing, that is, the promoters, directors, officers, and underwriters, and to know their interests in the issuing company. They are entitled to know the salaries paid to the executives over $25,000 per annum, the commissions paid to the underwriters, and the compensation paid to the promoters. They also should know the cost of the security to the issuer and its price to him and to other investors.

All this information will be contained in the various registration statements. Accordingly, there will be brought to light distribution profits, watered values, and preferred lists that have been formerly regarded as being of a distinctly secret nature. No business conducted with common honesty and intelligence need fear the duty of such disclosure. Because of the fact that the Act will eliminate fraudulent practices, it will serve only to strengthen the constancy and volume of the flow of investment funds into productive channels.

The Securities Act proceeds on the principle that
when a corporation seeks funds from the public it becomes in every true sense a public corporation. Its affairs cease to be the private affairs of its bankers and managers; its bankers and managers become public trustees. This principle has been slow of acceptance among those accustomed to the old ways but, in the future, the principle of public trusteeship of public moneys in corporate affairs is bound to receive continuously increasing recognition.
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APPENDIX I
SECURITIES ACT OF 1933

(PUBLIC—No. 22—73d CONGRESS)

[ILL. 5490]

AN ACT

To provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITe II

SHORT TITLE

SECTION 1. This title may be cited as the “Securities Act of 1933”.

DEFINITIONS

SEC. 2. When used in this title, unless the context otherwise requires—

(1) The term “security” means any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, or, in general, any interest or instrument commonly known as a “security,” or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

(2) The term “person” means an individual, a corporation, a partnership, an association, a joint-stock company, a trust, any unincorporated organization, or a government or political subdivision thereof. As used in this paragraph the term “trust” shall include only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security.

(3) The term “sale”, “sell”, “offer to sell”, or “offer for sale” shall include every contract of sale or disposition of, attempt or offer to sell, pledge, or otherwise transfer, or to induce or attempt to induce the sale of, any such security, or any interest therein.

1 The matter appearing in bold-face type with footnote references represents subsections and subparagraphs as amended. The bold-faced type without footnote references indicates provisions added by amendment. The amendments, effective July 1, 1934, are contained in Title II of Securities Exchange Act of 1934, approved June 6, 1934.

1 The matter appearing in bold-face type with footnote references represents subsections and subparagraphs as amended. The bold-faced type without footnote references indicates provisions added by amendment. The amendments, effective July 1, 1934, are contained in Title II of Securities Exchange Act of 1934, approved June 6, 1934.
to dispose of, or solicitation of an offer to buy, a security or interest in a security, for value; except that such terms shall not include preliminary negotiations or agreements between an issuer and any underwriter. Any security given or delivered with, or as a bonus on account of, any purchase of securities or any other thing, shall be conclusively presumed to constitute a part of the subject of such purchase and to have been sold for value. The issue or transfer of a right or privilege, when originally issued or transferred with a security giving the holder of such security the right to convert such security into another security of the same issuer or of another person, or giving a right to subscribe to another security of the same issuer or of another person, which right cannot be exercised until some future date, shall not be deemed to be a sale of such other security; but the issue or transfer of such other security upon the exercise of such right of conversion or subscription shall be deemed a sale of such other security.

(4) The term "issuer" means every person who issues or proposes to issue any security; except that with respect to certificates of deposit, voting-trust certificates, or collateral-trust certificates, or with respect to certificates of interest or shares in an unincorporated investment trust not having a board of directors (or persons performing similar functions) or of the fixed, restricted management, or unit type, the term "issuer" means the person or persons performing the acts and assuming the duties of depositor or manager pursuant to the provisions of the trust or other agreement or instrument under which such securities are issued; except that in the case of an unincorporated association which provides by its articles for limited liability of any or all of its members, or in the case of a trust, committee, or other legal entity, the trustees or members thereof shall not be individually liable as issuers of any security issued by the association, trust, committee, or other legal entity; except that with respect to equipment-trust certificates or like securities, the term "issuer" means the person by whom the equipment or property is or is to be used; and except that with respect to fractional undivided interests in oil, gas, or other mineral rights, the term "issuer" means the owner of any such right or of any interest in such right (whether whole or fractional) who creates fractional interests therein for the purpose of public offering; except that such terms shall not include the issue or transfer of such other security upon the exercise of such right of conversion or subscription shall be deemed a sale of such other security.


(6) The term "Territory" means Alaska, Hawaii, Puerto Rico, the Philippine Islands, Canal Zone, the Virgin Islands, and the insular possessions of the United States.

(7) The term "interstate commerce" means trade or commerce in securities or any transportation or communication relating thereto.
among the several States or between the District of Columbia or any Territory of the United States and any State or other Territory, or between any foreign country and any State, Territory, or the District of Columbia, or within the District of Columbia.

(9) The term "registration statement" means the statement provided for in section 6, and includes any amendment thereto and any report, document, or memorandum accompanying such statement or incorporated therein by reference.

(10) The term "write" or "written" shall include printed, lithographed, or any means of graphic communication.

(11) The term "prospectus" means any prospectus, notice, circular, advertisement, letter, or communication, written or by radio, which offers any security for sale; except that (a) a communication shall not be deemed a prospectus if it is proved that prior to or at the same time with such communication a written prospectus meeting the requirements of Section 10 was sent or given to the person to whom the communication was made, by the person making such communication or his principal, and (b) a notice, circular, advertisement, letter, or communication in respect of a security shall not be deemed to be a prospectus if it states from whom a written prospectus meeting the requirements of Section 10 may be obtained and, in addition, does no more than identify the security, state the price thereof, and state by whom orders will be executed.

(12) The term "underwriter" means any person who has purchased from an issuer with a view to, or sells for an issuer in connection with, the distribution of any security, or participates in or has a direct or indirect participation in any such undertaking, or participates or has a participation in the direct or indirect underwriting of any such undertaking; but such term shall not include a person whose interest is limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or dealers' commission. As used in this paragraph the term "issuer" shall include, in addition to an issuer, any person directly or indirectly controlling or controlled by the issuer, or any person under common control with the issuer.

EXEMPTED SECURITIES

SEC. 3. (a) Except as hereinafter expressly provided, the provisions of this title shall not apply to any of the following classes of securities:

(1) Any security which, prior to or within sixty days after the enactment of this title, has been sold or disposed of by the issuer or bona fide offered to the public, but this exception shall not apply to

(10) The term "prospectus" means any prospectus, notice, circular, advertisement, letter, or communication, written or by radio, which offers any security for sale; except that (a) a communication shall not be deemed a prospectus if it is proved that prior to such communication a written prospectus meeting the requirements of section 10 was made, from the person making such communication or his principal, and (b) a notice, circular, advertisement, letter, or communication in respect of a security shall not be deemed to be a prospectus if it states from whom a written prospectus meeting the requirements of section 10 may be obtained and, in addition, does no more than identify the security, state the price thereof, and state by whom orders will be executed.
any new offering of any such security by an issuer or underwriter subsequent to such sixty days;

(2) Any security issued or guaranteed by the United States or any Territory thereof, or by the District of Columbia, or by any State of the United States, or by any political subdivision of a State or Territory, or by any public instrumentality of one or more States or Territories, or by any person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States, or any certificate of deposit for any of the foregoing, or any security issued or guaranteed by any national bank, or by any banking institution organized under the laws of any State or Territory or the District of Columbia, the business of which is substantially confined to banking and is supervised by the State or Territorial banking commission or similar official; or any security issued by or representing an interest in or a direct obligation of a Federal Reserve Bank;

(3) Any note, draft, bill of exchange, or bankers' acceptance which arises out of a current transaction or the proceeds of which have or are to be used for current transactions, and which has a maturity at the time of issuance of not exceeding nine months, exclusive of days of grace, or any renewal thereof the maturity of which is likewise limited;

(4) Any security issued by a person organized and operated exclusively for religious, educational, benevolent, fraternal, charitable, or reformatory purposes and not for pecuniary profit and no part of the net earnings of which inures to the benefit of any person, private stockholder, or individual;

(5) Any security issued by a building and loan association, home- stead association, savings and loan association, or similar institution, substantially all the business of which is confined to the making of loans to members (but the foregoing exemption shall not apply with respect to any such security where the issuer takes from the total amount paid or deposited by the purchaser, by way of any fee, cash value or other device whatsoever, either upon termination of the investment at maturity or before maturity, an aggregate amount in excess of 3 per centum of the face value of such security), or any security issued by a farmers' cooperative association as defined in paragraphs (12), (13), and (14) of section 103 of the Revenue Act of 1932;

(6) Any security issued by a common carrier which is subject to the provisions of section 20a of the Interstate Commerce Act, as amended;

(7) Certificates issued by a receiver or by a trustee in bankruptcy, with the approval of the court;

(8) Any insurance or endowment policy or annuity contract or optional annuity contract, issued by a corporation subject to the

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1 "(2) Any security issued or guaranteed by the United States or any Territory thereof, or by the District of Columbia, or by any State or the United States, or by any public instrumentality of one or more States or Territories exercising an essential governmental function, or by any corporation created and controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States, or by any national bank, or by any banking institution organized under the laws of any State or Territory, the business of which is substantially confined to banking and is supervised by the State or Territorial banking commission or similar official; or any security issued by or representing an interest in or a direct obligation of a Federal reserve bank."

2 "Corporation."
supervision of the insurance commissioner, bank commissioner, or any agency or officer performing like functions, of any State or Territory of the United States or the District of Columbia;

(9) Any security exchanged by the issuer with its existing security holders exclusively where no commission or other remuneration is paid or given directly or indirectly for soliciting such exchange;

(10) Any security which is issued in exchange for one or more bona fide outstanding securities, claims or property interests, or partly in such exchange and partly for cash, where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange shall have the right to appear, by any court, or by any official or agency of the United States, or by any State or Territorial banking or insurance commission or other governmental authority expressly authorized by law to grant such approval;

(11) Any security which is a part of an issue sold only to persons resident within a single State or Territory, where the issuer of such security is a person resident and doing business within, or, if a corporation, incorporated by and doing business within, such State or Territory.

(b) The Commission may from time to time by its rules and regulations, and subject to such terms and conditions as may be prescribed therein, add any class of securities to the securities exempted as provided in this section, if it finds that the enforcement of this title with respect to such securities is not necessary in the public interest and for the protection of investors by reason of the small amount involved or the limited character of the public offering; but no issue of securities shall be exempted under this subsection.
any new offering of any such security by an issuer or underwriter subsequent to such sixty days;

(2) Any security listed or guaranteed by the United States or any Territory thereof, or by the District of Columbia, or by any State of the United States, or by any political subdivision of a State or Territory, or by any public instrumentality of one or more States or Territories, or by any person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States, or any certificate of deposit for any of the foregoing, or any security issued or guaranteed by any national bank, or by any banking institution organized under the laws of any State or Territory or the District of Columbia, the business of which is substantially confined to banking and is supervised by the State or Territorial banking commission or similar official; or any security issued by or representing an interest in or a direct obligation of a Federal Reserve Bank;

(3) Any note, draft, bill of exchange, or bankers' acceptance which arises out of a current transaction or the proceeds of which have been or are to be used for current transactions, and which has a maturity at the time of issuance of not exceeding nine months, exclusive of days of grace, or any renewal thereof the maturity of which is likewise limited;

(4) Any security issued by a person organized and operated exclusively for religious, educational, benevolent, fraternal, charitable, or reformatory purposes and not for pecuniary profit, and no part of the net earnings of which inures to the benefit of any person, private stockholder, or individual;

(5) Any security issued by a building and loan association, homestead association, a similar institution.

Amendment to Section 3(a)(6) of the Securities Act of 1933, as amended.

The "Motor Carrier Act of 1935" (approved August 9, 1935), Section 214, amended Section 3(a)(6) of the Securities Act of 1933 to read as follows:

"(6) Any security issued by a common or contract carrier, the issuance of which is subject to the provisions of section 20a of the Interstate Commerce Act, as amended;"

The new law added is in italics.
supervision of the insurance commissioner, bank commissioner, or any agency or officer performing like functions, of any State or Territory of the United States or the District of Columbia;

(9) Any security exchanged by the issuer with its existing security holders exclusively where no commission or other remuneration is paid or given directly or indirectly for soliciting such exchange;

(10) Any security which is issued in exchange for one or more bona fide outstanding securities, claims or property interests, or partly in such exchange and partly for cash, where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange shall have the right to appear, by any court, or by any official or agency of the United States, or by any State or Territorial banking or insurance commission or other governmental authority expressly authorized by law to grant such approval; 8

(11) Any security which is a part of an issue sold only to persons resident within a single State or Territory, where the issuer of such security is a person resident and doing business within, or, if a corporation, incorporated by and doing business within, such State or Territory. 7

(b) The Commission may from time to time by its rules and regulations, and subject to such terms and conditions as may be prescribed therein, add any class of securities to the securities exempted as provided in this section, if it finds that the enforcement of this title with respect to such securities is not necessary in the public interest and for the protection of investors by reason of the small amount involved or the limited character of the public offering; but no issue of securities shall be exempted under this subsection where the aggregate amount at which such issue is offered to the public exceeds $100,000.

EXEMPTED TRANSACTIONS

Sec. 4. The provisions of section 5 shall not apply to any of the following transactions:

(1) Transactions by any person other than an issuer, underwriter, or dealer; transactions by an issuer not involving any public offering; or transactions by a dealer (including an underwriter no longer acting as an underwriter in respect of the security involved in such transaction), except transactions within one year after the first date upon which the security was bona fide offered to the public by the issuer or by or through an underwriter (excluding in the computation of such year any time during which a stop order issued under section 8 is in effect as to the security), and except transactions as to securities constituting the

*The first clause of the following former Sec. 4 (3) has been replaced by Sec. 3 (a) (9) and the second clause by Sec. 3 (a) (10). *(3) The issuance of a security of a person exchanged by it with its existing security holders exclusively, where no commission or other remuneration is paid or given directly or indirectly in connection with such exchange; or, the issuance of securities to the existing security holders or other existing creditors of a corporation in the process of a bona fide reorganization of such corporation under the supervision of any court, either in exchange for the securities of such corporation, or for the securities or claims of such security holders or creditors.

*The following former Sec. 5 (c) has been supplanted by Sec. 3 (a) (11): "(c) The provisions of this section relating to the use of the mails shall not apply to the sale of any security where the issue of which it is a part is sold only to persons resident within a single State or Territory, where the issuer of such securities is a person resident and doing business within, or, if a corporation, incorporated by and doing business within, such State or Territory."
whole or a part of an unsold allotment to or subscription by such dealer as a participant in the distribution of such securities by the issuer or by or through an underwriter.  

(2) Brokers' transactions, executed upon customers' orders on any exchange or in the open or counter market, but not the solicitation of such orders.

PROHIBITIONS RELATING TO INTERSTATE COMMERCE AND THE MAILS

Sec. 5. (a) Unless a registration statement is in effect as to a security, it shall be unlawful for any person, directly or indirectly—

(1) to make use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell or offer to buy such security through the use or medium of any prospectus or otherwise; or

(2) to carry or cause to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale.

(b) It shall be unlawful for any person, directly or indirectly—

(1) to make use of any means or instruments of transportation or communication in interstate commerce or of the mails to carry or transmit any prospectus relating to any security registered under this title, unless such prospectus meets the requirements of section 10; or

(2) to carry or to cause to be carried through the mails or in interstate commerce any such security for the purpose of sale or for delivery after sale, unless accompanied or preceded by a prospectus that meets the requirements of section 10.

REGISTRATION OF SECURITIES AND SIGNING OF REGISTRATION STATEMENT

Sec. 6. (a) Any security may be registered with the Commission under the terms and conditions hereinafter provided, by filing a registration statement in triplicate, at least one of which shall be signed by each issuer, its principal executive officer or officers, its principal financial officer, its comptroller or principal accounting officer, and the majority of its board of directors or persons performing similar functions (or, if there is no board of directors or persons performing similar functions, by the majority of the persons or board having the power of management of the issuer), and in case the issuer is a foreign or Territorial person by its duly authorized representative in the United States; except that when such registration statement relates to a security issued by a foreign government, or political subdivision thereof, it need be signed only by the underwriter of such security. Signatures of all such persons when written on the said registration statement shall be presumed to have been so written by
authority of the person whose signature is so affixed and the burden of proof, in the event such authority shall be denied, shall be upon the party denying the same. The affixing of any signature without the authority of the purported signer shall constitute a violation of this title. A registration statement shall be deemed effective only as to the securities specified therein as proposed to be offered.

(b) At the time of filing a registration statement the applicant shall pay to the Commission a fee of one one-hundredth of 1 per centum of the maximum aggregate price at which such securities are proposed to be offered, but in no case shall fee be less than $25.

(c) The filing with the Commission of a registration statement, or of an amendment to a registration statement, shall be deemed to have taken place upon the receipt thereof, but the filing of a registration statement shall not be deemed to have taken place unless it is accompanied by a United States postal money order or a certified bank check or cash for the amount of the fee required under subsection (b).

(d) The information contained in or filed with any registration statement shall be made available to the public under such regulations as the Commission may prescribe, and copies thereof, photostatic or otherwise, shall be furnished to every applicant at such reasonable charge as the Commission may prescribe.

(e) No registration statement may be filed within the first forty days following the enactment of this Act.

INFORMATION REQUIRED IN REGISTRATION STATEMENT

Sec. 7. The registration statement, when relating to a security other than a security issued by a foreign government, or political subdivision thereof, shall contain the information, and be accompanied by the documents, specified in Schedule A, and when relating to a security issued by a foreign government, or political subdivision thereof, shall contain the information, and be accompanied by the documents, specified in Schedule B; except that the Commission may by rules or regulations provide that any such information or document need not be included in respect of any class of issuers or securities if it finds that the requirement of such information or document is inapplicable to such class and that disclosure fully adequate for the protection of investors is otherwise required to be included within the registration statement. If any accountant, engineer, or appraiser, or any person whose profession gives authority to a statement made by him, is named as having prepared or certified any part of the registration statement, or is named as having prepared or certified a report or valuation for use in connection with the registration statement, the written consent of such person shall be filed with the registration statement. If any such person is named as having prepared or certified a report or valuation (other than a public official document or statement) which is used in connection with the registration statement, but is not named as having prepared or certified such report or valuation for use in connection with the registration statement, the written consent of such person shall be filed with the registration statement unless the Commission dispenses with such filing as impracticable or as involving undue hardship on the person filing the registration statement.
Any such registration statement shall contain such other information, and be accompanied by such other documents, as the Commission may by rules or regulations require as being necessary or appropriate in the public interest or for the protection of investors.

TAKING EFFECT OF REGISTRATION STATEMENTS AND AMENDMENTS THERETO

Sec. 8 (a) The effective date of a registration statement shall be the twentieth day after the filing thereof, except as hereinafter provided, and except that in case of securities of any foreign public authority, which has continued the full service of its obligations in the United States, the proceeds of which are to be devoted to the refunding of obligations payable in the United States, the registration statement shall become effective seven days after the filing thereof. If any amendment to any such statement is filed prior to the effective date of such statement, the registration statement shall be deemed to have been filed when such amendment was filed; except that an amendment filed with the consent of the Commission, prior to the effective date of the registration statement, or filed pursuant to an order of the Commission, shall be treated as a part of the registration statement.

(b) If it appears to the Commission that a registration statement is on its face incomplete or inaccurate in any material respect, the Commission may, after notice by personal service or the sending of confirmed telegraphic notice not later than ten days after the filing of the registration statement, and opportunity for hearing (at a time fixed by the Commission) within ten days after such notice by personal service or the sending of such telegraphic notice, issue an order prior to the effective date of registration refusing to permit such statement to become effective until it has been amended in accordance with such order. When such statement has been amended in accordance with such order the Commission shall so declare and the registration shall become effective at the time provided in subsection (a) or upon the date of such declaration, whichever date is the later.

(c) An amendment filed after the effective date of the registration statement, if such amendment, upon its face, appears to the Commission not to be incomplete or inaccurate in any material respect, shall become effective on such date as the Commission may determine, having due regard to the public interest and the protection of investors.

(d) If it appears to the Commission at any time that the registration statement includes any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, the Commission may, after notice by personal service or the sending of confirmed telegraphic notice, and after opportunity for hearing (at a time fixed by the Commission) within fifteen days after such notice by personal service or the sending of such telegraphic notice, issue a stop order suspending the effectiveness of the registration statement. When such statement has been amended in accordance with such stop order the Commission shall so declare and thereupon the stop order shall cease to be effective.
(e) The Commission is hereby empowered to make an examination in any case in order to determine whether a stop order should issue under subsection (d). In making such examination the Commission or any officer or officers designated by it shall have access to and may demand the production of any books and papers of, and may administer oaths and affirmations to and examine, the issuer, underwriter, or any other person, in respect of any matter relevant to the examination, and may, in its discretion, require the production of a balance sheet exhibiting the assets and liabilities of the issuer, or its income statement, or both, to be certified to by a public or certified accountant approved by the Commission. If the issuer or underwriter shall fail to cooperate, or shall obstruct or refuse to permit the making of an examination, such conduct shall be proper ground for the issuance of a stop order.

(f) Any notice required under this section shall be sent to or served on the issuer, or, in case of a foreign government or political subdivision thereof, to or on the underwriter, or, in the case of a foreign or Territorial person, to or on its duly authorized representative in the United States named in the registration statement, properly directed in each case of telegraphic notice to the address given in such statement.

COURT REVIEW OF ORDERS.

Sec. 9. (a) Any person aggrieved by an order of the Commission may obtain a review of such order in the Circuit Court of Appeals of the United States, within any circuit wherein such person resides or has his principal place of business, or in the Court of Appeals of the District of Columbia, by filing in such court, within sixty days after the entry of such order, a written petition praying that the order of the Commission be modified or be set aside in whole or in part. A copy of such petition shall be forthwith served upon the Commission, and thereupon the Commission shall certify and file in the court a transcript of the record upon which the order complained of was entered. No objection to the order of the Commission shall be considered by the court unless such objection shall have been urged before the Commission. The finding of the Commission as to the facts, if supported by evidence, shall be conclusive. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the hearings before the Commission, the court may order such additional evidence to be taken before the Commission and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Commission may modify its findings as to the facts, by reason of the additional evidence so taken, and it shall file such modified or new findings, which, if supported by evidence, shall be conclusive, and its recommendation, if any, for the modification or setting aside of the original order. The jurisdiction of the court shall be exclusive and its judgment and decree, affirming, modifying, or setting aside, in whole or in part, any order of the Commission, shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in sections 239 and 85017.
(b) The commencement of proceedings under subsection (a) shall not, unless specifically ordered by the court, operate as a stay of the Commission's order.

INFORMATION REQUIRED IN PROSPECTUS

Sec. 10. (a) A prospectus—

(1) when relating to a security other than a security issued by a foreign government or political subdivision thereof, shall contain the same statements made in the registration statement, but it need not include the documents referred to in paragraphs (28) to (32), inclusive, of Schedule A;
(2) when relating to a security issued by a foreign government or political subdivision thereof shall contain the same statements made in the registration statement, but it need not include the documents referred to in paragraphs (13) and (14) of Schedule B.

(b) Notwithstanding the provisions of subsection (a)—

(1) When a prospectus is used more than thirteen months after the effective date of the registration statement, the information in the statements contained therein shall be as of a date not more than twelve months prior to such use, so far as such information is known to the user of such prospectus or can be furnished by such user without unreasonable effort or expense.
(2) There may be omitted from any prospectus any of the statements required under such subsection (a) which the Commission may by rules or regulations designate as not being necessary or appropriate in the public interest or for the protection of investors.
(3) Any prospectus shall contain such other information as the Commission may by rules or regulations require as being necessary or appropriate in the public interest or for the protection of investors.
(4) In the exercise of its powers under paragraphs (2) and (3) of this subsection, the Commission shall have authority to classify prospectuses according to the nature and circumstances of their use, and, by rules and regulations and subject to such terms and conditions as it shall specify therein, to prescribe as to each class the form and contents which it may find appropriate to such use and consistent with the public interest and the protection of investors.
(c) The statements or information required to be included in a prospectus by or under authority of subsection (a) or (b), when written, shall be placed in a conspicuous part of the prospectus in type as large as that used generally in the body of the prospectus.
(d) In any case where a prospectus consists of a radio broadcast, copies thereof shall be filed with the Commission under such rules and regulations as it shall prescribe. The Commission may by
rules and regulations require the filing with it of forms and prospectuses used in connection with the sale of securities registered under this title.

CIVIL LIABILITIES ON ACCOUNT OF FALSE REGISTRATION STATEMENT

SEC. 11. (a) In case any part of the registration statement, when such part became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, any person acquiring such security (unless it is proved that at the time of such acquisition he knew of such untruth or omission) may, either at law or in equity, in any court of competent jurisdiction, sue—

(1) every person who signed the registration statement;
(2) every person who was a director of (or person performing similar functions) or partner in, the issuer at the time of the filing of the part of the registration statement with respect to which his liability is asserted;
(3) every person who, with his consent, is named in the registration statement as being or about to become a director, person performing similar functions, or partner;
(4) every accountant, engineer, or appraiser, or any person whose profession gives authority to a statement made by him, who has with his consent been named as having prepared or certified any part of the registration statement, or as having prepared or certified any report or valuation which is used in connection with the registration statement, with respect to the statement in such registration statement, report, or valuation, which purports to have been prepared or certified by him.
(5) every underwriter with respect to such security.

If such person acquired the security after the issuer has made generally available to its security holders an earning statement covering a period of at least twelve months beginning after the effective date of the registration statement, then the right of recovery under this subsection shall be conditioned on proof that such person acquired the security relying upon such untrue statement in the registration statement or relying upon the registration statement and not knowing of such omission, but such reliance may be established without proof of the reading of the registration statement by such person.

(b) Notwithstanding the provisions of subsection (a) no person, other than the issuer, shall be liable as provided therein who shall sustain the burden of proof—

(1) that before the effective date of the part of the registration statement with respect to which his liability is asserted (A) he had resigned from or had taken such steps as are permitted by law to resign from, or cease or refused to act in, every office, capacity, or relationship in which he was described in the registration statement as acting or agreeing to act, and (B) he had advised the Commission and the issuer in writing that he had taken such action and that he would not be responsible for such part of the registration statement; or
(2) that if such part of the registration statement became effective without his knowledge, upon becoming aware of such fact he forthwith acted and advised the Commission, in accordance with paragraph (1), and, in addition, gave reasonable public notice that such part of the registration statement had become effective without his knowledge; or

(3) that (A) as regards any part of the registration statement not purporting to be made on the authority of an expert, and not purporting to be a copy of or extract from a report or valuation of an expert, and not purporting to be made on the authority of a public official document or statement, he had, after reasonable investigation, reasonable ground to believe and did believe, at the time such part of the registration statement became effective, that the statements therein were true and that there was no omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and (B) as regards any part of the registration statement purporting to be made upon his authority as an expert or purporting to be a copy of or extract from a report or valuation of himself as an expert, (i) he had, after reasonable investigation, reasonable ground to believe and did believe, at the time such part of the registration statement became effective, that the statements therein were true and that there was no omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or (ii) such part of the registration statement did not fairly represent his statement as an expert or was not a fair copy of or extract from his report or valuation as an expert; and (C) as regards any part of the registration statement purporting to be made on the authority of an expert (other than himself) or purporting to be a statement made by an official person or purporting to be a copy of or extract from a report or valuation of an expert (other than himself), he had no reasonable ground to believe and did not believe, at the time such part of the registration statement became effective, that the statements therein were untrue or that there was an omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and (D) as regards any part of the registration statement purporting to be made on the authority of an expert (other than himself) or purporting to be a copy of or extract from a report or valuation of an expert (other than himself), he had reasonable ground to believe and did believe, at the time such part of the registration statement became effective, that the statements therein were untrue, or that there was an omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that such part of the registration statement did not fairly represent the statement made by the official person or was not a fair copy of or extract from the public official document.10

10 "(C) as regards any part of the registration statement purporting to be made on the authority of an expert (other than himself) or purporting to be a copy of or extract from a report or valuation of an expert (other than himself), he had reasonable ground to believe and did believe, at the time such part of the registration statement became effective, that the statements therein were untrue, or that there was an omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that such part of the registration statement did not fairly represent the statement made by the official person or was not a fair copy of or extract from the public official document.10"
(c) In determining, for the purpose of paragraph (3) of subsection (b) of this section, what constitutes reasonable investigation and reasonable ground for belief, the standard of reasonableness shall be that required of a prudent man in the management of his own property.\(^1\)

(d) If any person becomes an underwriter with respect to the security after the part of the registration statement with respect to which his liability is asserted has become effective, then for the purposes of paragraph (3) of subsection (b) of this section such part of the registration statement shall be considered as having become effective with respect to such person as of the time when he became an underwriter.

(e) The suit authorized under subsection (a) may be to recover such damages as shall represent the difference between the amount paid for the security (not exceeding the price at which the security was offered to the public) and (1) the value thereof as of the time such suit was brought, or (2) the price at which such security shall have been disposed of in the market before suit, or (3) the price at which such security shall have been disposed of after suit but before judgment if such damages shall be less than the damages representing the difference between the amount paid for the security (not exceeding the price at which the security was offered to the public) and the value thereof as of the time such suit was brought: Provided, that if the defendant proves that any portion or all of such damages represents other than the depreciation in value of such security resulting from such part of the registration statement, with respect to which his liability is asserted, not being true or omitting to state a material fact required to be stated therein or necessary to make the statements therein not misleading, such portion of or all such damages shall not be recoverable. In no event shall any underwriter (unless such underwriter shall have knowingly received from the issuer for acting as an underwriter some benefit, directly or indirectly; in which all other underwriters similarly situated did not share in proportion to their respective interests in the underwriting) be liable in any suit or as a consequence of suits authorized under subsection (a) for damages in excess of the total price at which the securities underwritten by him and distributed to the public were offered to the public. In any suit under this or any other section of this title the court may, in its discretion, require an undertaking for the payment of the costs of such suit, including reasonable attorney's fees, and if judgment shall be rendered against a party litigant, upon the motion of the other party litigant, such costs may be assessed in favor of such party litigant (whether or not such undertaking has been required) if the court believes the suit or the defense to have been without merit, in an amount sufficient to reimburse him for the reasonable expenses incurred by him, in connection with such suit, effective, that the statements therein were true and that there was no omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and that such part of the registration statement fairly represented the statement of the expert or was a fair copy of or extract from the report or valuation of the expert; and (D) as regards any part of the registration statement purporting to be a statement made by an official person or purporting to be a copy of or extract from a public official document, be had reasonable ground to believe and did believe, at the time such part of the registration statement became effective, that the statements therein were true, and that there was no omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and that such part of the registration statement fairly represented the statement made by the official person or was a fair copy of or extract from the public official document.\(^2\)

111. (c) In determining for the purpose of paragraph (3) of subsection (b) of this section, what constitutes reasonable investigation and reasonable ground for belief, the standard of reasonableness shall be that required of a person occupying a fiduciary relationship.
such costs to be taxed in the manner usually provided for taxing of costs in the court in which the suit was heard.\textsuperscript{12}

\(f\) All or any one or more of the persons specified in subsection (a) shall be jointly and severally liable, and every person who becomes liable to make any payment under this section may recover contribution as in cases of contract from any person who, if sued separately, would have been liable to make the same payment, unless the person who has become liable was, and the other was not, guilty of fraudulent misrepresentation.

\(g\) In no case shall the amount recoverable under this section exceed the price at which the security was offered to the public.

CIVIL LIABILITIES ARISING IN CONNECTION WITH PROSPECTUSES AND COMMUNICATIONS

Sec. 12. Any person who—

(1) sells a security in violation of section 5, or

(2) sells a security (whether or not exempted by the provisions of section 3, other than paragraph (2) of subsection (a) thereof), by the use of any means or instruments of transportation or communication in interstate commerce or of the mails, by means of a prospectus or oral communication, which includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements in the light of the circumstances under which they were made, not misleading (the purchaser not knowing of such untruth or omission), and who shall not sustain the burden of proof that he did not know, and in the exercise of reasonable care could not have known, of such untruth or omission.

shall be liable to the person purchasing such security from him, who may sue either at law or in equity in any court of competent jurisdiction, to recover the consideration paid for such security with interest thereon, less the amount of any income received thereon, upon the tender of such security, or for damages if he no longer owns the security.

LIMITATION OF ACTIONS

Sec. 13. No action shall be maintained to enforce any liability created under section 11 or section 12 (2) unless brought within one year after the discovery of the untrue statement or the omission, or after such discovery should have been made by the exercise of reasonable diligence, or, if the action is to enforce a liability created under section 12 (1), unless brought within one year after the violation upon which it is based. In no event shall any such action be brought to enforce a liability created under section 11 or section 12 (1) more than three years after the security was bona fide offered to the public, or under section 12 (2) more than three years after the sale.\textsuperscript{13}

\textsuperscript{12}"(e) The suit authorized under subsection (a) may be either (1) to recover the consideration paid for such security with interest thereon, less the amount of any income received thereon, upon the tender of such security, or (2) for damages if the person suing no longer owns the security."

\textsuperscript{13}"Sec. 13. No action shall be maintained to enforce any liability created under section 11 or section 12 (2) unless brought within two years after the discovery of the untrue statement or the omission, or after such discovery should have been made by the exercise of reasonable diligence, or, if the action is to enforce a liability created under section 12 (1), unless brought within two years after the violation upon which it is based. In no event shall any such action be brought to enforce a liability created under section 11 or section 12 (1) more than ten years after the security was bona fide offered to the public."
CONTRARY STIPULATIONS VOID

SEC. 14. Any condition, stipulation, or provision binding any person acquiring any security to waive compliance with any provision of this title or of the rules and regulations of the Commission shall be void.

LIABILITY OF CONTROLLING PERSONS

SEC. 15. Every person who, by or through stock ownership, agency, or otherwise, or who, pursuant to or in connection with an agreement or understanding with one or more other persons by or through stock ownership, agency, or otherwise, controls any person liable under section 11 or 12, shall also be liable jointly and severally with and to the same extent as such controlled person to any person to whom such controlled person is alleged to exist.

ADDITIONAL REMEDIES

SEC. 16. The rights and remedies provided by this title shall be in addition to any and all other rights and remedies that may exist at law or in equity.

FRAUDULENT INTERSTATE TRANSACTIONS

SEC. 17. (a) It shall be unlawful for any person in the sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, directly or indirectly—

1) to employ any device, scheme, or artifice to defraud, or

2) to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or

3) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

(b) It shall be unlawful for any person, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, to publish, give publicity to, or circulate any notice, circular, advertisement, newspaper, article, letter, investment service, or communication which, though not purporting to offer a security for sale, describes such security for a consideration received or to be received, directly or indirectly, from an issuer, underwriter, or dealer, without fully disclosing the receipt, whether past or prospective, of such consideration and the amount thereof.

(c) The exemptions provided in section 3 shall not apply to the provisions of this section.
STATE CONTROL OF SECURITIES

Sec. 18. Nothing in this title shall affect the jurisdiction of the securities commission (or any agency or office performing like functions) of any State or Territory of the United States, or the District of Columbia, over any security or any person.

SPECIAL POWERS OF COMMISSION

Sec. 19. (a) The Commission shall have authority from time to time to make, amend, and rescind such rules and regulations as may be necessary to carry out the provisions of this title, including rules and regulations governing registration statements and prospectuses for various classes of securities and issuers, and defining accounting, technical, and trade terms used in this title. Among other things, the Commission shall have authority, for the purposes of this title, to prescribe the form or forms in which required information shall be set forth, the items or details to be shown in the balance sheet and earning statement, and the methods to be followed in the preparation of accounts, in the appraisal or valuation of assets and liabilities, in the determination of depreciation and depletion, in the differentiation of recurring and nonrecurring income, in the differentiation of investment and operating income, and in the preparation, where the Commission deems it necessary or desirable, of consolidated balance sheets or income accounts of any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control with the issuer; but insofar as they relate to any common carrier subject to the provisions of section 20 of the Interstate Commerce Act, as amended, the rules and regulations of the Commission with respect to accounts shall not be inconsistent with the requirements imposed by the Interstate Commerce Commission under authority of such section 20. The rules and regulations of the Commission shall be effective upon publication in the manner which the Commission shall prescribe. No provision of this title imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule or regulation of the Commission, notwithstanding that such rule or regulation may, after such act or omission, be amended or rescinded or be determined by judicial or other authority to be invalid for any reason.

(b) For the purpose of all investigations which, in the opinion of the Commission, are necessary and proper for the enforcement of this title, any member of the Commission or any officer or officers designated by it are empowered to administer oaths and subpens, take evidence, and require the production of any books, papers, or other documents which the Commission deems relevant or material to the inquiry. Such attendance of witnesses and the production of such documentary evidence may be required from any place in the United States or any Territory at any designated place of hearing.
INJUNCTIONS AND PROSECUTION OF OFFENSES

SEC. 20. (a) Whenever it shall appear to the Commission, either upon complaint or otherwise, that the provisions of this title, or of any rule or regulation prescribed under authority thereof, have been or are about to be violated, it may, in its discretion, either require or permit such person to file with it a statement in writing, under oath, or otherwise, as to all the facts and circumstances concerning the subject matter which it believes to be in the public interest to investigate, and may investigate such facts.

(b) Whenever it shall appear to the Commission that any person is engaged or about to engage in any acts or practices which constitute or will constitute a violation of the provisions of this title, or of any rule or regulation prescribed under authority thereof, it may in its discretion, bring an action in any district court of the United States, United States court of any Territory, or the Supreme Court of the District of Columbia to enjoin such acts or practices, and upon a proper showing a permanent or temporary injunction or restraining order shall be granted without bond. The Commission may transmit such evidence as may be available concerning such acts or practices to the Attorney General who may, in his discretion, institute the necessary criminal proceedings under this title. Any such criminal proceeding may be brought either in the district wherein the transmittal of the prospectus or security complained of begins, or in the district wherein such prospectus or security is received.

(c) Upon application of the Commission the district courts of the United States, the United States courts of any Territory, and the Supreme Court of the District of Columbia, shall also have jurisdiction to issue writs of mandamus commanding any person to comply with the provisions of this title or any order of the Commission made in pursuance thereof.

HEARINGS BY COMMISSION

SEC. 21. All hearings shall be public and may be held before the Commission or an officer or officers of the Commission designated by it, and appropriate records thereof shall be kept.

JURISDICTION OF OFFENSES AND SUITS

SEC. 22. (a) The district courts of the United States, the United States courts of any Territory, and the Supreme Court of the District of Columbia shall have jurisdiction of offenses and violations under this title and under the rules and regulations promulgated by the Commission in respect thereto, and, concurrent with State and Territorial courts, of all suits in equity and actions at law brought to enforce any liability or duty created by this title. Any such suit or action may be brought in the district wherein the defendant is found or is an inhabitant or transacts business, or in the district where the sale took place, if the defendant participated therein, and process in such cases may be served in any other district of which the defendant is an inhabitant or wherever the defendant may be found. Judg-
ments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended (U.S.C., title 28, secs. 225 and 347). No case arising under this title and brought in any court of competent jurisdiction shall be removed to any court of the United States. No costs shall be assessed for or against the Commission in any proceeding under this title brought by or against it in the Supreme Court or in any other court.

(b) In case of contumacy or refusal to obey a subpoena issued to any person, any of the said United States courts, within the jurisdiction of which said person guilty of contumacy or refusal to obey is found or resides, upon application by the Commission may issue to such person an order requiring such person to appear before the Commission, or one of its examiners designated by it, there to produce documentary evidence if so ordered, or there to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by said court as a contempt thereof.

(c) No person shall be excused from attending and testifying or from producing books, papers, contracts, agreements, and other documents before the Commission, or in obedience to the subpoena of the Commission or any member thereof or any officer designated by it, or in any cause, or proceeding instituted by the Commission, on the ground that the testimony or evidence, documentary or otherwise, required of him, may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, or shall be exempt from prosecution and punishment for perjury committed in so testifying.

UNLAWFUL REPRESENTATIONS

Sec. 23. Neither the fact that the registration statement for a security has been filed or is in effect nor the fact that a stop order is not in effect with respect thereto shall be deemed by the Commission that the registration statement is true and accurate on its face or that it does not contain an untrue statement of fact or omit to state a material fact, or be held to mean that the Commission has in any way passed upon the merits of, or given approval to, such security. It shall be unlawful to make, or cause to be made, to any prospective purchaser any representation contrary to the foregoing provisions of this section.

PENALTIES

Sec. 24. Any person who willfully violates any of the provisions of this title, or the rules and regulations promulgated by the Commission under authority thereof, or any person who willfully, in a registration statement filed under this title, makes any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than $5,000 or imprisoned no more than five years, or both.
JURISDICTION OF OTHER GOVERNMENT AGENCIES OVER SECURITIES

Sec. 25. Nothing in this title shall relieve any person from submitting to the respective supervisory units of the Government of the United States information, reports, or other documents that are now or may hereafter be required by any provision of law.

SEPARABILITY OF PROVISIONS

Sec. 26. If any provision of this Act, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this Act, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

Sec. 27. Upon the expiration of sixty days after the date upon which a majority of the members of the securities and exchange commission appointed under Section 4 of Title I of this act have qualified and taken office, all powers, duties and functions of the Federal Trade Commission under the Securities Act of 1933 shall be transferred to such commission, together with all property, books, records and unexpended balances of appropriations used by or available to the Federal Trade Commission for carrying out its functions under the Securities Act of 1933. All proceedings, hearings or investigations commenced or pending before the Federal Trade Commission arising under the Securities Act of 1933 shall be continued by the Securities and Exchange Commission. All orders, rules and regulations which have been issued by the Federal Trade Commission under the Securities Act of 1933 and which are in effect shall continue in effect until modified, superseded, revoked, or repealed. All rights and interests accruing or to accrue under the Securities Act of 1933, or any provision of any regulation relating to, or out of action taken by, the Federal Trade Commission under such act, shall be followed in all respects and may be exercised and enforced.

Sec. 28. The commission is authorized and directed to make a study and investigation of the work, activities, personnel and functions of protective and reorganization committees in connection with the reorganization, readjustment, rehabilitation, liquidation, or consolidation of persons and properties and to report the result of its studies and investigations and its recommendations to the Congress on or before January 3, 1936.**

SCHEDULE A

(1) The name under which the issuer is doing or intends to do business;
(2) the name of the State or other sovereign power under which the issuer is organized;
(3) the location of the issuer's principal business office, and if the issuer is a foreign or territorial person, the name and address of its agent in the United States authorized to receive notice;
(4) the names and addresses of the directors or persons performing similar functions, and the chief executive, financial and accounting officers, chosen or to be chosen if the issuer be a corporation, associ-

**Secs. 27 and 28 are Secs. 210 and 211, Title II, of Securities Exchange Act of 1934, approved June 6, 1934, effective July 1, 1934.
tion, trust, or other entity; of all partners, if the issuer be a partnership; and of the issuer, if the issuer be an individual; and of the promoters in the case of a business to be formed, or formed within two years prior to the filing of the registration statement;

(5) the names and addresses of the underwriters;

(6) the names and addresses of all persons, if any, owning of record or beneficially, if known, more than 10 per centum of any class of stock of the issuer, or more than 10 per centum in the aggregate of the outstanding stock of the issuer as of a date within twenty days prior to the filing of the registration statement;

(7) the amount of securities of the issuer held by any person specified in paragraphs (4), (5), and (6) of this schedule, as of a date within twenty days prior to the filing of the registration statement; and, if possible, as of one year prior thereto, and the amount of the securities, for which the registration statement is filed, to which such persons have indicated their intention to subscribe;

(8) the general character of the business actually transacted or to be transacted by the issuer;

(9) a statement of the capitalization of the issuer, including the authorized and outstanding amounts of its capital stock and the proportion thereof paid up, the number and classes of shares in which such capital stock is divided, par value thereof, or if it has no par value, the stated or assigned value thereof, a description of the respective voting rights, preferences, conversion and exchange rights, rights to dividends, profits, or capital of each class, with respect to each other class, including the retirement and liquidation rights or values thereof;

(10) a statement of the securities, if any, covered by options outstanding or to be created in connection with the security to be offered, together with the names and addresses of all persons, if any, to be allotted more than 10 per centum in the aggregate of such options;

(11) the amount of capital stock of each class issued or included in the shares of stock to be offered;

(12) the amount of the funded debt outstanding and to be created by the security to be offered, with a brief description of the date, maturity, and character of such debt, rate of interest, character of amortization provisions, and if the security, if any, and the amount of substitution of any security is permissible, a summarized statement of the conditions under which such substitution is permitted. If substitution is permissible without notice, a specific statement to that effect;

(13) the specific purposes in detail and the approximate amounts to be devoted to such purposes, so far as determinable, for which the security to be offered is to supply funds, and if the funds are to be raised in part from other sources, the amounts thereof and the sources thereof, shall be stated;

(14) the remuneration, paid or estimated to be paid, by the issuer or its predecessor, directly or indirectly, during the past year and ensuing year to (a) the directors or persons performing similar functions, and (b) its officers and other persons, naming them wherever such remuneration exceeded $25,000 during any such year;

(15) the estimated net proceeds to be derived from the security to be offered;
(16) the price at which it is proposed that the security shall be offered to the public or the method by which such price is computed and any variation therefrom at which any portion of such security is proposed to be offered to any persons or classes of persons, other than the underwriters, naming them or specifying the class. A variation in price may be proposed prior to the date of the public offering of the security, but the Commission shall immediately be notified of such variation;

(17) all commissions or discounts paid or to be paid, directly or indirectly, by the issuer to the underwriters in respect of the sale of the security to be offered. Commissions shall include all cash, securities, contracts, or anything else of value, paid, to be set aside, disposed of, or understandings with or for the benefit of any other persons in which any underwriter is interested, made, in connection with the sale of such security. A commission paid or to be paid in connection with the sale of such security by a person in which the issuer has an interest or which is controlled or directed by, or under common control with, the issuer shall be deemed to have been paid by the issuer. Where any such commission is paid the amount of such commission paid to each underwriter shall be stated;

(18) the amount or estimated amounts, itemized in reasonable detail, of expenses, other than commissions specified in paragraph (17) of this schedule, incurred or borne by or for the account of the issuer in connection with the sale of the security to be offered or properly chargeable thereto, including legal, engineering, certification, authentication, and other charges;

(19) the net proceeds derived from any security sold by the issuer during the two years preceding the filing of the registration statement, the price at which such security was offered to the public, and the names of the principal underwriters of such security;

(20) any amount paid within two years preceding the filing of the registration statement or intended to be paid to any promoter and the names of the principal underwriters of such security;

(21) the names and addresses of the vendors and the purchase price of any property, or good will, acquired or to be acquired, not in the ordinary course of business, which is to be defrayed in whole or in part from the proceeds of the security to be offered, the amount of any commission payable to any person in connection with such acquisition, and the name or names of such person or persons, together with any expense incurred or to be incurred in connection with such acquisition, including the cost of borrowing money to finance such acquisition;

(22) full particulars of the nature and extent of the interest, if any, of every director, principal executive officer, and of every stockholder holding more than 10 per centum of any class of stock or more than 10 per centum in the aggregate of the stock of the issuer, in any property acquired, not in the ordinary course of business of the issuer, within two years preceding the filing of the registration statement or proposed to be acquired at such date;

(23) the names and addresses of counsel who have passed on the legality of the issue;

(24) dates of and parties to, and the general effect concisely stated of every material contract made, not in the ordinary course
of business, which contract is to be executed in whole or in part at or after the filing of the registration statement or which contract has been made not more than two years before such filing. Any management contract or contract providing for special bonuses or profit-sharing arrangements, and every material patent contract, and every material contract for a material patent right, and every contract by or with a public utility company or an affiliate thereof, providing for the giving or receiving of technical or financial advice or service (if such contract may involve a charge to any party thereto at a rate in excess of $2,500 per year in cash or securities or anything else of value), shall be deemed a material contract;

(25) a balance sheet as of a date not more than ninety days prior to the date of the filing of the registration statement showing all of the assets of the issuer, the nature and cost thereof, whenever determinable, in such detail and in such form as the Commission shall prescribe (with intangible items segregated), including any loan in excess of $20,000 to any officer, director, stockholder or person directly or indirectly controlling or controlled by the issuer, or person under direct or indirect common control with the issuer. All the liabilities of the issuer in such detail and such form as the Commission shall prescribe, including surplus of the issuer showing how and from what sources such surplus was created, all as of a date not more than ninety days prior to the filing of the registration statement. If such statement be not certified by an independent public or certified accountant, in addition to the balance sheet required to be submitted under this schedule, a similar detailed balance sheet of the assets and liabilities of the issuer, certified by an independent public or certified accountant, of a date not more than one year prior to the filing of the registration statement, shall be submitted;

(26) a profit and loss statement of the issuer showing earnings and income, the nature and source thereof, and the expenses and fixed charges in such detail and such form as the Commission shall prescribe for the latest fiscal year for which such statement is available and for the two preceding fiscal years, year by year, or, if the issuer has been in actual business for less than three years, then for such time as the issuer has been in actual business, year by year. If the date of the filing of the registration statement is more than six months after the close of the last fiscal year, a statement from such closing date to the latest practicable date. Such statement shall show what the practice of the issuer has been during the three years or lesser period as to the character of the charges, dividends or other distributions made against its various surplus accounts, and as to depreciation, depletion, and maintenance charges, in such detail and form as the Commission shall prescribe, and if stock dividends or avails from the sale of rights have been credited to income, they shall be shown separately with a statement of the basis upon which the credit is computed. Such statement shall also differentiate between any recurring and nonrecurring income and between any investment and operating income. Such statement shall be certified by an independent public or certified accountant;

(27) if the proceeds, or any part of the proceeds, of the security to be issued is to be applied directly or indirectly to the purchase
of any business; a profit and loss statement of such business certified by an independent public or certified accountant, meeting the requirements of paragraph (26) of this schedule, for the three preceding fiscal years, together with a balance sheet, similarly certified, of such business, meeting the requirements of paragraph (25) of this schedule of a date not more than ninety days prior to the filing of the registration statement or at the date such business was acquired by the issuer if the business was acquired by the issuer more than ninety days prior to the filing of the registration statement;

(26) a copy of any agreement or agreements (or if identical agreements are used the forms thereof) made with any underwriter, including all contracts and agreements referred to in paragraph (17) of this schedule;

(27) a copy of the opinion or opinions of counsel in respect to the legality of the issue, with a translation of such opinion, when necessary, into the English language;

(28) a copy of all material contracts referred to in paragraph (24) of this schedule, but no disclosure shall be required of any portion of any such contract if the Commission determines that disclosure of such portion would impair the value of the contract and would not be necessary for the protection of the investors;

(29) unless previously filed and registered under the provisions of this title, and brought up to date, (a) a copy of its articles of incorporation, with all amendments thereof and of its existing by-laws or instruments corresponding thereto, whatever the name, if the issuer be a corporation; (b) copy of all instruments by which the trust is created or declared, if the issuer is a trust; (c) a copy of its articles of partnership or association and all other papers pertaining to its organization, if the issuer is a partnership, unincorporated association, joint-stock company, or any other form of organization; and

(30) a copy of the underlying agreements or indentures affecting any stock, bonds, or debentures offered or to be offered.

In case of certificates of deposit, voting trust certificates, collateral trust certificates, certificates of interest or shares in unincorporated investment trusts, equipment trust certificates; interim or other receipts for certificates, and like securities, the Commission shall establish rules and regulations requiring the submission of information of a like character applicable to such cases, together with such other information as it may deem appropriate and necessary regarding the character, financial or otherwise, of the issuer of the securities and/or the person performing the acts and assuming the duties of depositor or manager.

SCHEDULE II

(1) Name of borrowing government or subdivision thereof;

(2) specific purposes in detail and the approximate amounts to be devoted to such purposes, so far as determinable, for which the security to be offered is to supply funds, and if the funds are to be raised in part from other sources, the amounts thereof and the sources thereof, shall be stated;
(3) the amount of the funded debt and the estimated amount of the floating debt outstanding and to be created by the security to be offered, excluding intergovernmental debt, and a brief description of the date, maturity, character of such debt, rate of interest, character of amortization provisions, and the security, if any, therefor. If substitution of any security is permissible, a statement of the conditions under which such substitution is permitted. If substitution is permissible without notice, a specific statement to that effect; and, circumstances of such default, and the terms of the succeeding arrangement, if any;

(4) whether or not the issuer or its predecessor has, within a period of twenty years prior to the filing of the registration statement, defaulted on the principal or interest of any external security, excluding intergovernmental debt, and, if so, the date, amount, and

(5) the receipts, classified by source, and the expenditures, classified by purpose, in such detail and form as the Commission shall prescribe for the latest fiscal year for which such information is available and the two preceding fiscal years, year by year;

(6) the names and addresses of the underwriters;

(7) the name and address of its authorized agent, if any, in the United States;

(8) the estimated net proceeds to be derived from the sale in the United States of the security to be offered;

(9) the price at which it is proposed that the security shall be offered in the United States to the public or the method by which such price is computed. A variation in price may be proposed prior to the date of the public offering of the security, but the Commission shall immediately be notified of such variation;

(10) all commissions paid or to be paid, directly or indirectly, by the issuer to the underwriters in respect of the sale of the security to be offered. Commissions shall include all cash, securities, contracts, or anything else of value, paid, to be set aside, disposed of, or understandings with or for the benefit of any other persons in which the underwriter is interested, made, in connection with the sale of such security. Where any such commission is paid, the amount of such commission paid to each underwriter shall be stated;

(11) the amount or estimated amounts, itemized in reasonable detail, of expenses, other than the commissions specified in paragraph (10) of this schedule, incurred or borne by or for the account of the issuer in connection with the sale of the security to be offered or properly chargeable thereto, including legal, engineering, certification, and other charges;

(12) the names and addresses of counsel who have passed upon the legality of the issue;

(13) a copy of any agreement or agreements made with any underwriter governing the sale of the security within the United States; and

(14) an agreement of the issuer to furnish a copy of the opinion or opinions of counsel in respect to the legality of the issue, with a translation, where necessary, into the English language. Such opinion shall set out in full all laws, decrees, ordinances, or other acts of Government under which the issue of such security has been authorized.
TITLE II

Section 201. For the purpose of protecting, conserving, and advancing the interests of the holders of foreign securities in default, there is hereby created a body corporate with the name "Corporation of Foreign Security Holders" (herein called the "Corporation"). The principal office of the Corporation shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the board of directors.

Sec. 202. The control and management of the Corporation shall be vested in a board of six directors, who shall be appointed and hold office in the following manner: As soon as practicable after the date this Act takes effect the Federal Trade Commission (hereinafter in this title called "Commission") shall appoint six directors, and shall designate a chairman and a vice chairman from among their number. After the directors designated as chairman and vice chairman cease to be directors, their successors as chairman and vice chairman shall be elected by the board of directors itself. Of the directors first appointed, two shall continue in office for a term of two years, two for a term of four years, and two for a term of six years, from the date this Act takes effect, the term of each to be designated by the Commission at the time of appointment. Their successors shall be appointed by the Commission, each for a term of six years from the date of the expiration of the term for which his predecessor was appointed, except that any person appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the unexpired term of such predecessor. No person shall be eligible to serve as a director who within the five years preceding has had any interest, direct or indirect, in any corporation, company, partnership, bank or association which has sold, or offered for sale any foreign securities. The office of a director shall be vacated if the board of directors shall at a meeting specially convened for that purpose by resolution passed by a majority of at least two-thirds of the board of directors, remove such member from office, provided that the member whom it is proposed to remove shall have seven days' notice sent to him of such meeting and that he may be heard.

Sec. 203. The Corporation shall have power to adopt, alter, and use a corporate seal; to make contracts; to lease such real estate as may be necessary for the transaction of its business; to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal; to require from trustees, financial agents, or dealers in foreign securities information relative to the original or present holders of foreign securities and such other information as may be required and to issue subpoenas therefor; to take over the functions of any fiscal and paying agents of any foreign securities in default; to borrow money for the purposes of this title, and to pledge as collateral for such loans any securities deposited with the Corporation pursuant to this title; by and with the consent and approval of the Commission to select, employ, and fix the compensation of officers, directors, members of committees, employees, attorneys, and agents of the Corporation, without regard to the provi-
sions of other laws applicable to the employment and compensation of officers or employees of the United States; to define their authority and duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and to prescribe, amend, repeal, alter, modify, and regulate the duties, powers, limitations, and penalties of such officers, employees, attorneys, and agents; and to require such officers, employees, attorneys, and agents to execute bonds for the faithful performance of their duties, and to fix the penalties thereof; and to prescribe, amend, and repeal, by its board of directors, bylaws, rules, and regulations governing the manner in which its general business may be conducted and the powers granted to it by law may be exercised and enjoyed, together with provisions for such committees and the functions thereof as the board of directors may deem necessary for facilitating its business under this title. The board of directors of the Corporation shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid.

Sec. 204. The board of directors may—

1. Convene meetings of holders of foreign securities.
2. Invite the deposit and undertake the custody of foreign securities which have defaulted in the payment either of principal or interest, and issue receipts or certificates in the place of securities so deposited.
3. Appoint committees from the directors of the Corporation and/or all other persons to represent holders of any class or classes of foreign securities which have defaulted in the payment either of principal or interest and determine and regulate the functions of such committees. The chairman and vice chairman of the board of directors shall be ex officio chairman and vice chairman of each committee.
4. Negotiate and carry out, or assist in negotiating and carrying out, arrangements for the resumption of payments due or in arrears in respect of any foreign securities in default or for rearranging the terms on which such securities may in future be held or for converting and exchanging the same for new securities or for any other object in relation thereto; and under this paragraph any plan or agreement made with respect to such securities shall be binding upon depositors, providing that the consent of holders resident in the United States of 60 per centum of the securities deposited with the Corporation shall be obtained.
5. Undertake, superintend, or take part in the collection and application of funds derived from foreign securities which come into the possession of or under the control or management of the Corporation.
6. Collect, preserve, publish, circulate, and render available in readily accessible form, when deemed essential or necessary, documents, statistics, reports, and information of all kinds in respect of foreign securities, including particularly records of foreign external securities in default and records of the progress made toward the payment of past-due obligations.
7. Take such steps as it may deem expedient with the view of securing the adoption of clear and simple forms of foreign securities and just and sound principles in the conditions and terms thereof.
8. Generally, act in the name and on behalf of the holders of foreign securities the care of representation of whose interests may be entrusted to the Corporation; conserve and protect the rights and interests of holders of foreign securities issued, sold, or owned in the United States; adopt measures for the protection, vindication, and
preservation or reservation of the rights and interests of holders of foreign securities either on any default in or on breach or contemplated breach of the conditions on which such foreign securities may have been issued, or otherwise; obtain for such holders such legal and other assistance and advice as the board of directors may deem expedient; and to do all such other things as are incident or conducive to the attainment of the above objects.

Sec. 205. The board of directors shall cause accounts to be kept of all matters relating to or connected with the transactions and business of the Corporation, and cause a general account and balance sheet of the Corporation to be made out in each year, and cause all accounts to be audited by one or more auditors who shall examine the same and report thereon to the board of directors.

Sec. 206. The Corporation shall make, print, and make public an annual report of its operations during each year; send a copy thereof, together with a copy of the account and balance sheet and auditor's report, to the Commission and to both Houses of Congress, and provide one copy of such report but not more than one on the application of any person and on receipt of a sum not exceeding $1; Provided, That the board of directors in its discretion may distribute copies gratuitously.

Sec. 207. The Corporation may in its discretion levy charges, assessed on a pro rata basis, on the holders of foreign securities deposited with it; Provided, That any charge levied at the time of depositing securities with the Corporation shall not exceed one fifth of 1 per centum of the face value of such securities; Provided further, That any additional charges shall bear a close relationship to the cost of operations and negotiations including those enumerated in sections 203 and 204 and shall not exceed 1 per centum of the face value of such securities.

Sec. 208. The Corporation may receive subscriptions from any person, foundation with a public purpose, or agency of the United States Government, and such subscriptions may, in the discretion of the board of directors, be treated as loans repayable when and as the board of directors shall determine.

Sec. 209. The Reconstruction Finance Corporation is hereby authorized to loan out of its funds not to exceed $75,000 for the use of the Corporation.

Sec. 210. Notwithstanding the foregoing provisions of this title, it shall be unlawful for, and nothing in this title shall be taken or construed as permitting or authorizing, the Corporation in this title created, or any committee of said Corporation, or any person or persons acting for or representing or purporting to represent it—
(a) to claim or assert or pretend to be acting for or to represent the Department of State or the United States Government;
(b) to make any statements or representations of any kind to any foreign government or its officials or the officials of any political subdivision of any foreign government that said Corporation or any committee thereof or any individual or individuals connected therewith were speaking or acting for the said Department of State or the United States Government; or
(c) to do any act directly or indirectly which would interfere with or obstruct or hinder or which might be calculated to
obstruct, hinder or interfere with the policy or policies of the said Department of State or the Government of the United States or any pending or contemplated diplomatic negotiations, arrangements, business or exchanges between the Government of the United States or said Department of State and any foreign government or any political subdivision thereof.

Sec. 211. This title shall not take effect until the President finds that its taking effect is in the public interest and by proclamation so declares.

Sec. 212. This title may be cited as the "Corporation of Foreign Bondholders Act, 1933."

Approved May 27th 1933.
SECURITIES ACT OF 1933

[Public—No. 22—73d Congress]
[H.R. 5480]

AN ACT

To provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

SHORT TITLE

Section 1. This title may be cited as the "Securities Act of 1933".

DEFINITIONS

Sec. 2. When used in this title, unless the context otherwise requires—

(1) The term "security" means any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of interest in property, tangible or intangible, or in general any instrument commonly known as a security, or any certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right to subscribe to or purchase, any of the foregoing.

(2) The term "person" means an individual, a corporation, a partnership, an association, a joint-stock company, a trust, any unincorporated organization, or a government or political subdivision thereof. As used in this paragraph the term "trust" shall include only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security.

(3) The term "sale", "sell", "offer to sell", or "offer for sale" shall include every contract of sale or disposition of, attempt or offer to dispose of, or solicitation of an offer to buy, a security or interest in a security, for value; except that such terms shall not include preliminary negotiations or agreements between an issuer and any underwriter. Any security given or delivered with, or as a bonus or account of, any purchase of securities or any other thing, shall be conclusively presumed to constitute a part of the subject of such purchase and to have been sold for value. The issue or transfer of a right or privilege, when originally issued or transferred with a security, giving the holder of such security the right to convert such security into another security of the same issuer or of another person, or giving a right to subscribe to another security of the same issuer
or of another person, which right cannot be exercised until some future date, shall not be deemed to be a sale of such other security; but the issue or transfer of such other security upon the exercise of such right of conversion or subscription shall be deemed a sale of such other security.

(6) The term "issuer" means every person who issues or proposes to issue any security or who guarantees a security either as to principal or income; except that with respect to certificates of deposit, voting-trust certificates, or collateral-trust certificates, or with respect to certificates of interest or shares in an unincorporated investment trust not having a board of directors (or persons performing similar functions) or of the fixed, restricted management, or unit type, the term "issuer" means the person or persons performing the acts and assuming the duties of depositor or manager pursuant to the provisions of the trust or other agreement or instrument under which such securities are issued; and except that with respect to equipment-trust certificates or like securities, the term "issuer" means the person by whom the equipment or property is or is to be used.


(6) The term "Territory" means Alaska, Hawaii, Puerto Rico, the Philippine Islands, Canal Zone, the Virgin Islands, and the insular possessions of the United States.

(7) The term "interstate commerce" means trade or commerce in securities or any transportation or communication relating thereto among the several States or between the District of Columbia or any Territory of the United States and any State or other territory or between any foreign country and any State, Territory, or the District of Columbia, or within the District of Columbia.

(8) The term "registration statement" means the statement provided for in section 6, and includes any amendment thereto and any report, document, or memorandum accompanying such statement or incorporated therein by reference.

(9) The term "write" or "written" shall include printed, lithographed, or any means of graphic communication.

(10) The term "prospectus" means any prospectus, notice, circular, advertisement, letter, or communication, written or by radio, which offers any security for sale; except that (a) a communication shall not be deemed a prospectus if it is proved that prior to such communication a written prospectus meeting the requirements of section 10 was received, by the person to whom the communication was made, from the person making such communication or his principal, and (b) a notice, circular, advertisement, letter, or communication in respect of a security shall not be deemed to be a prospectus if it states from whom a written prospectus meeting the requirements of section 10 may be obtained and, in addition, does no more than identify the security, state the price thereof, and state by whom orders will be executed.

(11) The term "underwriter" means any person who has purchased from an issuer with a view to, or sells for an issuer in connection with, the distribution of any security, or participates or has a direct or indirect participation in any such undertaking, or participates or has a participation in the direct or indirect underwrit-
ing of any such undertaking; but such term shall not include a person whose interest is limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission. As used in this paragraph the term "issuer" shall mean in addition to an issuer, any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control with the issuer.

(12) The term "dealer" means any person who engages either for all or part of his time, directly or indirectly, as agent, broker, or principal, in the business of offering, buying, selling, or otherwise dealing or trading in securities issued by another person.

EXEMPTED SECURITIES

Sec. 3. (a) Except as hereinafter expressly provided, the provisions of this title shall not apply to any of the following classes of securities:

(1) Any security which, prior to or within sixty days after the enactment of this title, has been sold or disposed of by the issuer or bona fide offered to the public, but this exemption shall not apply to any new offering of any such security by an issuer or underwriter subsequent to such sixty days;

(2) Any security issued or guaranteed by the United States or any Territory thereof, or by the District of Columbia, or by any State of the United States, or by any political subdivision of a State or Territory, or by any public instrumentality of one or more States or Territories exercising an essential governmental function, or by any corporation created and controlled or supervised by and acting as an authority granted by the Congress of the United States, or by any national bank, or by any banking institution organized under the laws of any State or Territory, the business of which is substantially confined to banking and is supervised by the State or territorial banking commission or similar official or any security issued by or representing an interest in or a direct obligation of a Federal reserve bank;

(3) Any note, draft, bill of exchange, or banker's acceptance which arises out of a current transaction or the proceeds of which mature at the time of issuance of not exceeding nine months, which is likewise limited;

(4) Any security issued by a corporation organized and operated exclusively for religious, educational, benevolent, fraternal, charitable, or private stockholder, or individual;

(5) Any security issued by a building and loan association, savings and loan association, or similar institution, to members (but the foregoing exemption as to any such security where the issue shall not apply with respect to any such security where the issuance takes from the total amount paid or deposited by the purchaser, by way of any fee, cash
value or other device whatsoever, either upon termination of the investment at maturity or before maturity, an aggregate amount in excess of 3 per centum of the face value of such security), or any security issued by a farmers' cooperative association as defined in paragraphs (19), (13), and (14) of section 103 of the Revenue Act of 1932;

(6) Any security issued by a common carrier which is subject to the provisions of section 20a, of the Interstate Commerce Act, as amended;

(7) Certificates issued by a receiver or by a trustee in bankruptcy, with the approval of the court;

(8) Any insurance or endowment policy or annuity contract or optional annuity contract, issued by a corporation subject to the supervision of the insurance commissioner, bank commissioner, or any agency or officer performing like functions, of any State or Territory of the United States or the District of Columbia.

(b) The Commission may from time to time by its rules and regulations, and subject to such terms and conditions as may be prescribed therein, add any class of securities to the securities exempted as provided in this section, if it finds that the enforcement of this title with respect to such securities is not necessary in the public interest and for the protection of investors by reason of the small amount involved or the limited character of the public offering; but no issue of securities shall be exempted under this subsection where the aggregate amount at which such issue is offered to the public exceeds $100,000.

**EXEMPTED TRANSACTIONS**

Sec. 4. The provisions of section 5 shall not apply to any of the following transactions:

(1) Transactions by any person other than an issuer, underwriter, or dealer; transactions by an issuer not with or through an underwriter and not involving any public offering; or transactions by a dealer (including an underwriter no longer acting as an underwriter in respect of the security involved in such transaction), except transactions within one year after the last date upon which the security was bona fide offered to the public by the issuer or by or through an underwriter (excluding in the computation of such year any time during which a stop order issued under section 8 is in effect as to the security), and except transactions as to securities constituting the whole or a part of an unsold allotment to or subscription by such dealer as a participant in the distribution of such securities by the issuer or by or through an underwriter.

(2) Brokers' transactions, executed upon customers' orders on any exchange or in the open or counter market, but not the solicitation of such orders.

(3) The issuance of a security of a person exchanged by it with its existing security holders exclusively, where no commission or other remuneration is paid or given directly or indirectly in connection with such exchange; or the issuance of securities to the existing security holders or other existing creditors of a corporation in the process of a bona fide reorganization of such corporation under the supervision of any court, either in exchange for the securities of such
security holders or claims of such creditors or partly for cash and partly in exchange for the securities or claims of such security holders or creditors.

PROHIBITIONS RELATING TO INTERSTATE COMMERCE AND THE MAILS

SEC. 5. (a) Unless a registration statement is in effect as to a security, it shall be unlawful for any person, directly or indirectly—
(1) to make use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell or offer to buy such security through the use or medium of any prospectus or otherwise; or
(2) to carry or cause to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale.

(b) It shall be unlawful for any person, directly or indirectly—
(1) to make use of any means or instruments of transportation or communication in interstate commerce or of the mails to carry or transmit any prospectus relating to any security registered under this title, unless such prospectus meets the requirements of section 10; or
(2) to carry or to cause to be carried through the mails or in interstate commerce any such security for the purpose of sale or for delivery after sale, unless accompanied or preceded by a prospectus that meets the requirements of section 10.

(c) The provisions of this section relating to the use of the mails shall not apply to the sale of any security where the issue of which is a part is sold only to persons resident within a single State or Territory, where the issuer of such securities is a person resident and doing business within, or, if a corporation, incorporated by and doing business within, such State or Territory.

REGISTRATION OF SECURITIES AND SIGNING OF REGISTRATION STATEMENT

SEC. 6. (a) Any security may be registered with the Commission under the terms and conditions hereinafter provided, by filing a registration statement in triplicate, at least one of which shall be signed by each issuer, its principal executive officer or officers, its principal financial officer, its comptroller or principal accounting officer, and the majority of its board of directors or persons performing similar functions (or, if there is no board of directors or persons performing similar functions, by the majority of the persons or board having the power of management of the issuer), and in case the issuer is a foreign or Territorial person by its duly authorized representative in the United States; except that when such registration statement relates to a security issued by a foreign government, or political subdivision thereof, it need be signed only by the underwriter of such security. Signatures of all such persons when written on the said registration statements shall be presumed to have been so written by authority of the person whose signature is so affixed and the burden of proof, in the event such authority shall be denied, shall be upon the party denying the same. The affixing of any signature without the authority of the purported signer shall constitute a violation of
this title. A registration statement shall be deemed effective only as
to the securities specified therein as proposed to be offered.

(b) At the time of filing a registration statement, the applicant
shall pay to the Commission a fee of one one-hundredth of 1 per
centum of the maximum aggregate price at which such securities are
proposed to be offered, but in no case shall such fee be less than $25.

(c) The filing with the Commission of a registration statement, or
of an amendment to a registration statement, shall be deemed to have
taken place upon the receipt thereof, but the filing of a registration
statement shall not be deemed to have taken place unless it is accom­
panied by a United States postal money order or a certified bank
check or cash for the amount of the fee required under subsection (b).

(d) The information contained in or filed with any registration
statement shall be made available to the public under such regulations
as the Commission may prescribe, and copies thereof, photostatic or
otherwise, shall be furnished to every applicant at such reasonable
charge as the Commission may prescribe.

(e) No registration statement may be filed within the first forty
days following the enactment of this Act.

INFORMATION REQUIRED IN REGISTRATION STATEMENT

SEC. 7. The registration statement, when relating to a security
other than a security issued by a foreign government, or political
subdivision thereof, shall contain the information, and be accom­
panied by the documents, specified in Schedule A, and when relating
to a security issued by a foreign government, or political subdivision
thereof, shall contain the information, and be accompanied by the
documents, specified in Schedule B; except that the Commission
may by rules or regulations provide that any such information or
document need not be included in respect of any class of issuers
or securities if it finds that the requirement of such information or
document is inapplicable to such class and that disclosure fully
adequate for the protection of investors is otherwise required to be
included within the registration statement. If any accountant,
engineer, or appraiser, or any person whose profession gives
authority to a statement made by him, is named as having prepared
or certified any part of the registration statement, or is named as
having prepared or certified a report or valuation for use in
connection with the registration statement, the written consent of
such person shall be filed with the registration statement. If any such
person is named as having prepared or certified a report or valuation
(other than a public official document or statement) which is used
in connection with the registration statement, but is not named as
having prepared or certified such report or valuation for use in
connection with the registration statement, the written consent of
such person shall be filed with the registration statement unless the
Commission dispenses with such filing as impracticable or as involv­
ing undue hardship on the person filing the registration statement.
Any such registration statement shall contain such other infor­
information, and be accompanied by such other documents, as the
Commission may by rules or regulations require as being necessary
or appropriate in the public interest or for the protection of investors.
TAKING EFFECT OF REGISTRATION STATEMENTS AND AMENDMENTS THERETO

Sec. 8. (a) The effective date of a registration statement shall be the twentieth day after the filing thereof, except as hereinafter provided, and except that in case of securities of any foreign public authority, which has continued the full service of its obligations in the United States, the proceeds of which are to be devoted to the refunding of obligations payable in the United States, the registration statement shall become effective seven days after the filing thereof. If any amendment to any such statement is filed prior to the effective date of such statement, the registration statement shall be deemed to have been filed when such amendment was filed; except that an amendment filed with the consent of the Commission, prior to the effective date of the registration statement, or filed pursuant to an order of the Commission, shall be treated as a part of the registration statement.

(b) If it appears to the Commission that a registration statement is on its face incomplete or inaccurate in any material respect, the Commission may, after notice by personal service or the sending of confirmed telegraphic notice not later than ten days after the filing of the registration statement, and opportunity for hearing (at a time fixed by the Commission) within ten days after such notice by personal service or the sending of such telegraphic notice, issue an order prior to the effective date of registration refusing to permit such statement to become effective until it has been amended in accordance with such order. When such statement has been amended in accordance with such order the Commission shall so declare and the registration shall become effective at the time provided in subsection (a) or upon the date of such declaration, whichever date is the later.

(c) An amendment filed after the effective date of the registration statement, if such amendment, upon its face, appears to the Commission not to be incomplete or inaccurate in any material respect, shall become effective on such date as the Commission may determine, having due regard to the public interest and the protection of investors.

(d) If it appears to the Commission at any time that the registration statement includes any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, the Commission may, after notice by personal service or the sending of confirmed telegraphic notice, and after opportunity for hearing (at a time fixed by the Commission) within fifteen days after such notice by personal service or the sending of such telegraphic notice, issue a stop order suspending the effectiveness of the registration statement. When such statement has been amended in accordance with such stop order the Commission shall so declare and thereupon the stop order shall cease to be effective.

(e) The Commission is hereby empowered to make an examination in any case in order to determine whether a stop order should issue under subsection (d). In making such examination the Commission or any officer or officers designated by it shall have access
to and may demand the production of any books and papers of, and
may administer oaths and affirmations to and examine, the issuer,
underwriter, or any other person, in respect of any matter relevant
to the examination, and may, in its discretion, require the production
of a balance sheet exhibiting the assets and liabilities of the issuer,
or its income statement, or both, to be certified to by a public or
certified accountant approved by the Commission. If the issuer
or underwriter shall fail to cooperate, or shall obstruct or refuse
to permit the making of an examination, such conduct shall be
proper ground for the issuance of a stop order.
(f) Any notice required under this section shall be sent to or
served on the issuer, or, in case of a foreign government or political
subdivision thereof, to or on the underwriter, or, in the case of a
foreign or Territorial person, to or on its duly authorized representa-
tive in the United States named in the registration statement, prop-
erly directed in each case of telegraphic notice to the address given
in such statement.
COURT REVIEW OF ORDERS
SEC. 9. (a) Any person aggrieved by an order of the Commission
may obtain a review of such order in the Circuit Court of Appeals
of the United States, within any circuit wherein such person resides
or has his principal place of business, or in the Court of Appeals
of the District of Columbia, by filing in such court, within sixty days
after the entry of such order, a written petition praying that the
order of the Commission be modified or be set aside in whole or in
part. A copy of such petition shall be forthwith served upon the
Commission, and thereupon the Commission shall certify and file in
the court a transcript of the record upon which the order complained
of was entered. No objection to the order of the Commission shall
be considered by the court unless such objection shall have been urged
before the Commission. The finding of the Commission as to the
facts, if supported by evidence, shall be conclusive. If either party
shall apply to the court for leave to adduce additional evidence,
and shall show to the satisfaction of the court that such additional
evidence is material and that there were reasonable grounds for failure
to adduce such evidence in the hearing before the Commission, the
court may order such additional evidence to be taken before the
Commission and to be adduced upon the hearing in such manner
and upon such terms and conditions as to the court may seem proper.
The Commission may modify its findings as to the facts, by reason
of the additional evidence so taken, and it shall file such modified
or new findings, which, if supported by evidence, shall be conclu-
sive, and its recommendation, if any, for the modification or setting
aside of the original order. The jurisdiction of the court shall be
exclusive and its judgment and decree, affirming, modifying, or set-
ning aside, in whole or in part, any order of the Commission, shall
be final, subject to review by the Supreme Court of the United
States upon certiorari or certification as provided in sections 239 and
240 of the Judicial Code, as amended (U.S.C., title 28, secs. 346
and 347).
(b) The commencement of proceedings under subsection (a) shall
not, unless specifically ordered by the court, operate as a stay of the
Commission's order.
SEC. 10. (a) A prospectus—
(1) when relating to a security other than a security issued by a foreign government or political subdivision thereof, shall contain the same statements made in the registration statement, but need not include the documents referred to in paragraphs (28) to (32), inclusive, of Schedule A;
(2) when relating to a security issued by a foreign government or political subdivision thereof shall contain the same statements made in the registration statement, but it need not include the documents referred to in paragraphs (13) and (14) of Schedule B.

(b) Notwithstanding the provisions of subsection (a)—
(1) when a prospectus is used more than thirteen months after the effective date of the registration statement, the information in the statements contained therein shall be as of a date not more than twelve months prior to such use.
(2) there may be omitted from any prospectus any of the statements required under such subsection (a) which the Commission may by rules or regulations designate as not being necessary or appropriate in the public interest or for the protection of investors.
(3) any prospectus shall contain such other information as the Commission may by rules or regulations require as being necessary or appropriate in the public interest or for the protection of investors.
(4) in the exercise of its powers under paragraphs (2) and (3) of this subsection, the Commission shall have authority to classify prospectuses according to the nature and circumstances of their use, and, by rules and regulations and subject to such terms and conditions as it shall specify therein, to prescribe as to each class the form and contents which it may find appropriate to such use and consistent with the public interest and the protection of investors.

(c) The statements or information required to be included in a prospectus by or under authority of subsection (a) or (b), when written, shall be placed in a conspicuous part of the prospectus in type as large as that used generally in the body of the prospectus.

(d) In any case where a prospectus consists of a radio broadcast, copies thereof shall be filed with the Commission under such rules and regulations as it shall prescribe. The Commission may by rules and regulations require the filing with it of forms of prospectuses used in connection with the sale of securities registered under this title.

CIVIL LIABILITIES ON ACCOUNT OF FALSE REGISTRATION STATEMENT

SEC. 11. (a) In case any part of the registration statement, when such part became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, any person acquiring such security (unless it is proved that at the
time of such acquisition he knew of such untruth or omission) may, either at law or in equity, in any court of competent jurisdiction, sue—

(1) every person who signed the registration statement;
(2) every person who was a director of (or person performing similar functions) or partner in, the issuer at the time of the filing of the part of the registration statement with respect to which his liability is asserted;
(3) every person who, with his consent, is named in the registration statement as being or about to become a director, person performing similar functions, or partner;
(4) every accountant, engineer, or appraiser, or any person whose profession gives authority to a statement made by him, who has with his consent been named as having prepared or certified any part of the registration statement, or as having prepared or certified any report or valuation which is used in connection with the registration statement, with respect to the statement in such registration statement, report, or valuation, which purports to have been prepared or certified by him;
(5) every underwriter with respect to such security.

(b) Notwithstanding the provisions of subsection (a) no person, other than the issuer, shall be liable as provided therein who shall sustain the burden of proof—

(1) that before the effective date of the part of the registration statement with respect to which his liability is asserted, (A) he had resigned from or had taken such steps as are permitted by law to resign from, or ceased or refused to act in, every office, capacity, or relationship in which he was described in the registration statement as acting or agreeing to act, and (B) he had advised the Commission and the issuer in writing that he had taken such action and that he would not be responsible for such part of the registration statement; or
(2) that if such part of the registration statement became effective without his knowledge, upon becoming aware of such fact he forthwith acted and advised the Commission, in accordance with paragraph (1), and, in addition, gave reasonable public notice that such part of the registration statement had become effective without his knowledge; or
(3) that (A) as regards any part of the registration statement not purporting to be made on the authority of an expert, and not purporting to be a copy of or extract from a report or valuation of an expert, and not purporting to be made on the authority of a public official document or statement, he had, after reasonable investigation, reasonable ground to believe and did believe, at the time such part of the registration statement became effective, that the statements therein were true and that there was no omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and (B) as regards any part of the registration statement purporting to be made upon his authority as an expert or purporting to be a copy of or extract from a report or valuation of himself as an expert, (i) he had, after reasonable investigation, reasonable ground to believe and did believe, at
the time such part of the registration statement became effective, that the statements therein were true and that there was no omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or (ii) such part of the registration statement did not fairly represent his statement as an expert or was not a fair copy of or extract from his report or valuation as an expert; and (C) as regards any part of the registration statement purporting to be made on the authority of an expert (other than himself) or purporting to be a copy of or extract from a report or valuation of an expert (other than himself), he had reasonable ground to believe and did believe, at the time such part of the registration statement became effective, that the statements therein were true and that there was no omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and that such part of the registration statement fairly represented the statement of the expert or was a fair copy of or extract from the report or valuation of the expert; and (D) as regards any part of the registration statement purporting to be a statement made by an official person or purporting to be a copy of or extract from a public official document, he had reasonable ground to believe and did believe, at the time such part of the registration statement became effective, that the statements therein were true, and that there was no omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and that such part of the registration statement fairly represented the statement made by the official person or was a fair copy of or extract from the public official document.

(c) In determining, for the purpose of paragraph (3) of subsection (b) of this section, what constitutes reasonable investigation and reasonable ground for belief, the standard of reasonableness shall be that required of a person occupying a fiduciary relationship.

(d) If any person becomes an underwriter with respect to the security after the part of the registration statement with respect to which his liability is asserted has become effective, then for the purposes of paragraph (3) of subsection (b) of this section such part of the registration statement shall be considered as having become effective with respect to such person as of the time when he became an underwriter.

(e) The suit authorized under subsection (a) may be either (1) to recover the consideration paid for such security with interest thereon, less the amount of any income received thereon, upon the tender of such security, or (2) for damages if the person suing no longer owns the security.

(f) All or any one or more of the persons specified in subsection (a) shall be jointly and severally liable, and every person who becomes liable to make any payment under this section may recover contribution as in cases of contract from any person who, if sued separately, would have been liable to make the same payment, unless
the person who has become liable was, and the other was not, guilty of fraudulent misrepresentation. (g) In no case shall the amount recoverable under this section exceed the price at which the security was offered to the public.

CIVIL LIABILITIES ARISING IN CONNECTION WITH PROSPECTUSES AND COMMUNICATIONS

SEC. 12. Any person who—
(1) sells a security in violation of section 5, or
(2) sells a security (whether or not exempted by the provisions of section 3, other than paragraph (2) of subsection (a) thereof), by the use of any means or instruments of transportation or communication in interstate commerce or of the mails, by means of a prospectus or oral communication, which includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading (the purchaser not knowing of such untruth or omission), and who shall not sustain the burden of proof that he did not know, and in the exercise of reasonable care could not have known, of such untruth or omission, shall be liable to the person purchasing such security from him, who may sue either at law or in equity in any court of competent jurisdiction, to recover the consideration paid for such security with interest thereon, less the amount of any income received thereon, upon the tender of such security, or for damages if he no longer owns the security.

LIMITATION OF ACTIONS

SEC. 13. No action shall be maintained to enforce any liability created under section 11 or section 12 (2) unless brought within two years after the discovery of the untrue statement or the omission, or after such discovery should have been made by the exercise of reasonable diligence, or, if the action is to enforce a liability created under section 12 (1), unless brought within two years after the violation upon which it is based. In no event shall any such action be brought to enforce a liability created under section 11 or section 12 (1) more than ten years after the security was bona fide offered to the public.

CONTRARY STIPULATIONS VOID

SEC. 14. Any condition, stipulation, or provision binding any person acquiring any security to waive compliance with any provision of this title or of the rules and regulations of the Commission shall be void.

LIABILITY OF CONTROLLING PERSONS

SEC. 15. Every person who, by or through stock ownership, agency, or otherwise, or who, pursuant to or in connection with an agreement or understanding with one or more other persons by or through stock ownership, agency, or otherwise, controls any person liable under section 11 or 12, shall also be liable jointly and severally with and to the same extent as such controlled person to any person to whom such controlled person is liable.
ADDITIONAL REMEDIES

Sec. 16. The rights and remedies provided by this title shall be in addition to any and all other rights and remedies that may exist at law or in equity.

FRAUDULENT INTERSTATE TRANSACTIONS

Sec. 17. (a) It shall be unlawful for any person in the sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, directly or indirectly—
(1) to employ any device, scheme, or artifice to defraud, or
(2) to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or
(3) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

(b) It shall be unlawful for any person, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, to publish, give publicity to, or circulate any notice, circular, advertisement, newspaper, article, letter, investment service, or communication which, though not purporting to offer a security for sale, describes such security for a consideration received or to be received, directly or indirectly, from an issuer, underwriter, or dealer, without fully disclosing the receipt, whether past or prospective, of such consideration and the amount thereof.

(c) The exemptions provided in section 3 shall not apply to the provisions of this section.

STATE CONTROL OF SECURITIES

Sec. 18. Nothing in this title shall affect the jurisdiction of the securities commission (or any agency or office performing like duties) of any State or Territory of the United States, or the District of Columbia, over any security or any person.

SPECIAL POWERS OF COMMISSION

Sec. 19. (a) The Commission shall have authority from time to time to make, amend, and rescind such rules and regulations as may be necessary to carry out the provisions of this title, including rules and regulations governing registration statements and prospectuses for various classes of securities and issuers, and defining accounting and trade terms used in this title. Among other things, the Commission shall have authority, for the purposes of this title, to prescribe the form or forms in which required information shall be set forth, the items or details to be shown in the balance sheet and earning statement, and the methods to be followed in the preparation of accounts, in the appraisal or valuation of assets and liabilities, in the determination of depreciation and depletion, in the differentiation of recurring and nonrecurring income, in the differentiation of investment and operating income, and in the preparation, where the Com-
mission deems it necessary or desirable, of consolidated balance sheets or income accounts of any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control with the issuer; but insofar as they relate to any common carrier subject to the provisions of section 20 of the Interstate Commerce Act, as amended, the rules and regulations of the Commission with respect to accounts shall not be inconsistent with the requirements imposed by the Interstate Commerce Commission under authority of such section 20. The rules and regulations of the Commission shall be effective upon publication in the manner which the Commission shall prescribe.

(b) For the purpose of all investigations which, in the opinion of the Commission, are necessary and proper for the enforcement of this title, any member of the Commission or any officer or officers designated by it are empowered to administer oaths and affirmations, subpoena witnesses, take evidence, and require the production of any books, papers, or other documents which the Commission deems relevant or material to the inquiry. Such attendance of witnesses and the production of such documentary evidence may be required from any place in the United States or any Territory at any designated place of hearing.

INJUNCTIONS AND PROSECUTION OF OFFENSES

SEC. 20. (a) Whenever it shall appear to the Commission, either upon complaint or otherwise, that the provisions of this title, or of any rule or regulation prescribed under authority thereof, have been or are about to be violated, it may, in its discretion, either require or permit such person to file with it a statement in writing, under oath, or otherwise, as to all the facts and circumstances concerning the subject matter which it believes to be in the public interest to investigate, and may investigate such facts.

(b) Whenever it shall appear to the Commission that any person is engaged or about to engage in any acts or practices which constitute or will constitute a violation of the provisions of this title, or of any rule or regulation prescribed under authority thereof, it may in its discretion, bring an action in any district court of the United States, United States court of any Territory, or the Supreme Court of the District of Columbia to enjoin such acts or practices, and upon a proper showing a permanent or temporary injunction or restraining order shall be granted without bond. The Commission may transmit such evidence as may be available concerning such acts or practices to the Attorney General who may, in his discretion, institute the necessary criminal proceedings under this title. Any such criminal proceeding may be brought either in the district wherein the transmittal of the prospectus or security complained of begins, or in the district wherein such prospectus or security is received.

(c) Upon application of the Commission the district courts of the United States, the United States courts of any Territory, and the Supreme Court of the District of Columbia, shall also have jurisdiction to issue writs of mandamus commanding any person to comply with the provisions of this title or any order of the Commission made in pursuance thereof.
HEARINGS BY COMMISSION

Sec. 21. All hearings shall be public and may be held before the Commission or an officer or officers of the Commission designated by it, and appropriate records thereof shall be kept.

JURISDICTION OF OFFENSES AND SUITS

Sec. 22. (a) The district courts of the United States, the United States courts of any Territory, and the Supreme Court of the District of Columbia shall have jurisdiction of offenses and violations under this title and under the rules and regulations promulgated by the Commission in respect thereto, and, concurrent with State and Territorial courts, of all suits in equity and actions at law brought to enforce any liability or duty created by this title. Any such suit or action may be brought in the district wherein the defendant is found or is an inhabitant or transacts business, or in the district where the sale took place, if the defendant participated therein, and process in such cases may be served in any other district of which the defendant is an inhabitant or wherever the defendant may be found. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended (U.S.C., title 28, secs. 225 and 347). No case arising under this title and brought in any State court of competent jurisdiction shall be removed to any court of the United States. No costs shall be assessed for or against the Commission in any proceeding under this title brought by or against it in the Supreme Court or such other courts.

(b) In case of contumacy or refusal to obey a subpoena issued to any person, any of the said United States courts, within the jurisdiction of which said person guilty of contumacy or refusal to obey is found or resides, upon application by the Commission may issue to such person an order requiring such person to appear before the Commission, or one of its examiners designated by it, there to produce documentary evidence if so ordered, or there to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by said court as a contempt thereof.

(c) No person shall be excused from attending and testifying or from producing books, papers, contracts, agreements, and other documents before the Commission, or in obedience to the subpoena of the Commission or any member thereof or any officer designated by it, in any cause or proceeding instituted by the Commission on the ground that the testimony or evidence, documentary or otherwise, required of him, may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

UNLAWFUL REPRESENTATIONS

Sec. 23. Neither the fact that the registration statement for a security has been filed or is in effect nor the fact that a stop order is
not in effect with respect thereto shall be deemed a finding by the Commission that the registration statement is true and accurate on its face or that it does not contain an untrue statement of fact or omit to state a material fact, or be held to mean that the Commission has in any way passed upon the merits of, or given approval to, such security. It shall be unlawful to make, or cause to be made, to any prospective purchaser any representation contrary to the foregoing provisions of this section.

PENALTIES

Sec. 24. Any person who willfully violates any of the provisions of this title, or the rules and regulations promulgated by the Commission under authority thereof, or any person who willfully, in a registration statement filed under this title, makes any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than $5,000 or imprisoned not more than five years, or both.

JURISDICTION OF OTHER GOVERNMENT AGENCIES OVER SECURITIES

Sec. 25. Nothing in this title shall relieve any person from submitting to the respective supervisory units of the Government of the United States information, reports, or other documents that are now or may hereafter be required by any provision of law.

SEPARABILITY OF PROVISIONS

Sec. 26. If any provision of this Act, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this Act, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SCHEDULE A

(1) The name under which the issuer is doing or intends to do business;
(2) the name of the State or other sovereign power under which the issuer is organized;
(3) the location of the issuer’s principal business office, and if the issuer is a foreign or territorial person, the name and address of its agent in the United States authorized to receive notice;
(4) the names and addresses of the directors or persons performing similar functions, and the chief executive, financial and accounting officers, chosen or to be chosen if the issuer be a corporation, association, trust, or other entity; of all partners, if the issuer be a partnership; and of the issuer, if the issuer be an individual; and of the promoters in the case of a business to be formed, or formed within two years prior to the filing of the registration statement;
(5) the names and addresses of the underwriters;
(6) the names and addresses of all persons, if any, owning of record or beneficially, if known, more than 10 per centum of any class of stock of the issuer, or more than 10 per centum in the aggregate of the outstanding stock of the issuer as of a date within twenty days prior to the filing of the registration statement;
(7) the amount of securities of the issuer held by any person specified in paragraphs (4), (5), and (6) of this schedule, as of a date within twenty days prior to the filing of the registration statement, and, if possible, as of one year prior thereto, and the amount of the securities, for which the registration statement is filed, to which such persons have indicated their intention to subscribe;

(8) the general character of the business actually transacted or to be transacted by the issuer;

(9) a statement of the capitalization of the issuer, including the authorized and outstanding amounts of its capital stock and the proportion thereof paid up, the number and classes of shares in which such capital stock is divided, par value thereof, or if it has no par value, the stated or assigned value thereof, a description of the respective voting rights, preferences, conversion and exchange rights, rights to dividends, profits, or capital of each class, with respect to each other class, including the retirement and liquidation rights or values thereof;

(10) a statement of the securities, if any, covered by options outstanding or to be created in connection with the security to be offered, together with the names and addresses of all persons, if any, to be allotted more than 10 per centum in the aggregate of such options;

(11) the amount of capital stock of each class issued or included in the shares of stock to be offered;

(12) the amount of the funded debt outstanding and to be created by the security to be offered, with a brief description of the date, maturity, and character of such debt, rate of interest, character of amortization provisions, and the security, if any, therefor. If substitution of any security is permissible, a summarized statement of the conditions under which such substitution is permitted. If substitution is permissible without notice, a specific statement to that effect;

(13) the specific purposes in detail and the approximate amounts to be devoted to such purposes, so far as determinable, for which the security to be offered is to supply funds, and if the funds are to be raised in part from other sources, the amounts thereof and the sources thereof, shall be stated;

(14) the remuneration, paid or estimated to be paid, by the issuer or its predecessor, directly or indirectly, during the past year and ensuing year to (a) the directors or persons performing similar functions, and (b) its officers and other persons, naming them wherever such remuneration exceeded $25,000 during any such year;

(15) the estimated net proceeds to be derived from the security to be offered;

(16) the price at which it is proposed that the security shall be offered to the public or the method by which such price is computed and any variation therefrom at which any portion of such security is proposed to be offered to any persons or classes of persons, other than the underwriters, naming them or specifying the class. A variation in price may be proposed prior to the date of the public offering of the security, but the Commission shall immediately be notified of such variation;

(17) all commissions or discounts paid or to be paid, directly or indirectly, by the issuer to the underwriters in respect of the sale of the security to be offered. Commissions shall include all cash,
securities, contracts, or anything else of value, paid, to be set aside, disposed of, or understandings with or for the benefit of any other persons in which any underwriter is interested, made, in connection with the sale of such security by a person in which the issuer has an interest or which is controlled or directed by, or under common control with, the issuer shall be deemed to have been paid by the issuer. Where any such commission is paid the amount of such commission paid to each underwriter shall be stated;

(18) the amount or estimated amounts, itemized in reasonable detail, of expenses, other than commissions specified in paragraph (17) of this schedule, incurred or borne by or for the account of the issuer in connection with the sale of such security to be offered or properly chargeable thereto, including legal, engineering, certification, authentication, and other charges;

(19) the net proceeds derived from any security sold by the issuer during the two years preceding the filing of the registration statement, the price at which such security was offered to the public, and the names of the principal underwriters of such security;

(20) any amount paid within two years preceding the filing of the registration statement or intended to be paid to any promoter and the consideration for any such payment;

(21) the names and addresses of the vendors and the purchase price of any property, or good will, acquired or to be acquired, not in the ordinary course of business, which is to be defrayed in whole or in part from the proceeds of the security to be offered, the amount of any commission payable to any person in connection with such acquisition, and the names, together with any expense incurred or to be incurred in connection with such acquisition, including the cost of borrowing money to finance such acquisition;

(22) full particulars of the nature and extent of the interest, if any, of every director, principal executive officer, and of every stockholder holding more than 10 per centum of any class of stock or more than 10 per centum in the aggregate of the stock of the issuer, in any property acquired, not in the ordinary course of business of the issuer, within two years preceding the filing of the registration statement or proposed to be acquired at such date;

(23) the names and addresses of counsel who have passed on the legality of the issue;

(24) dates of and parties to, and the general effect concisely stated of every material contract made, not in the ordinary course of business, which contract is to be executed in whole or in part at or after the filing of the registration statement or which contract has been made not more than two years before such filing. Any management contract or contract providing for special bonuses or profit-sharing arrangements, and every material patent or contract for a material patent right, and every contract by or with a public utility company or an affiliate thereof, providing for the giving or receiving of technical or financial advice or service (if such contract may involve a charge to any party thereto at a rate in excess of $2,500 per year in cash or securities or anything else of value), shall be deemed a material contract;
(25) a balance sheet as of a date not more than ninety days prior to the date of the filing of the registration statement showing all of the assets of the issuer, the nature and cost thereof, whenever determinable, and in such form as the Commission shall prescribe (with intangible items segregated), including any loan in excess of $20,000 to any officer, director, stockholder or person directly or indirectly controlling or controlled by the issuer, or person under direct or indirect common control with the issuer. All the liabilities of the issuer in such detail and such form as the Commission shall prescribe, including surplus of the issuer showing how and from what sources such surplus was created, all as of a date not more than ninety days prior to the filing of the registration statement. If such statement be not certified by an independent public or certified accountant, in addition to the balance sheet required to be submitted under this schedule, a similar detailed balance sheet of the assets and liabilities of the issuer, certified by an independent public or certified accountant, of a date not more than one year prior to the filing of the registration statement, shall be submitted.

(26) a profit and loss statement of the issuer showing earnings and income, the nature and source thereof, and the expenses and fixed charges in such detail and such form as the Commission shall prescribe for the latest fiscal year for which such statement is available and for the two preceding fiscal years, year by year, or, if such issuer has been in actual business for less than three years, then for such time as the issuer has been in actual business, year by year. If the date of the filing of the registration statement is more than six months after the close of the last fiscal year, a statement from such closing date to the latest practicable date. Such statement shall show what the practice of the issuer has been during the three years or lesser period as to the character of the charges, dividends or other distributions made against its various surplus accounts, and as to depreciation, depletion, and maintenance charges, in such detail and form as the Commission shall prescribe, and if stock dividends or avails from the sale of rights have been credited to income, they shall be shown separately with a statement of the basis upon which the credit is computed. Such statement shall also differentiate between any recurring and nonrecurring income and between any investment and operating income. Such statement shall be certified by an independent public or certified accountant;

(27) if the proceeds, or any part of the proceeds, of the security to be issued is to be applied directly or indirectly to the purchase of any business, a profit and loss statement of such business certified by an independent public or certified accountant, meeting the requirements of paragraph (26) of this schedule, for the three preceding fiscal years, together with a balance sheet, similarly certified, of such business, meeting the requirements of paragraph (25) of this schedule of a date not more than ninety days prior to the filing of the registration statement or at the date such business was acquired by the issuer if the business was acquired by the issuer more than ninety days prior to the filing of the registration statement;

(28) a copy of any agreement or agreements (or, if identical agreements are used, the forms thereof) made with any underwriter, in-
cluding all contracts and agreements referred to in paragraph (17) of this schedule;
(20) a copy of the opinion or opinions of counsel in respect to the legality of the issue, with a translation of such opinion, when necessary, into the English language;
(21) a copy of all material contracts referred to in paragraph (24) of this schedule, but no disclosure shall be required of any portion of any such contract if the Commission determines that disclosure of such portion would impair the value of the contract and would not be necessary for the protection of the investors;
(22) unless previously filed and registered under the provisions of this title, and brought up to date (a) a copy of its articles of incorporation, with all amendments thereof and of its existing by-laws or instruments corresponding thereto, whatever the name, if the issuer be a corporation; (b) copy of all instruments by which the trust is created or declared, if the issuer is a trust; (c) a copy of its articles of partnership or association and all other papers pertaining to its organization, if the issuer is a partnership, unincorporated association, joint-stock company, or any other form of organization; and
(23) a copy of the underlying agreements or indentures affecting any stock, bonds, or debentures offered or to be offered.
In case of certificates of deposit, voting trust certificates, collateral trust certificates, certificates of interest or shares in unincorporated investment trusts, equipment trust certificates, interim or other receipts for certificates, and like securities, the Commission shall establish rules and regulations requiring the submission of information of a like character applicable to such cases, together with such other information as it may deem appropriate and necessary regarding the character, financial or otherwise, of the actual issuer of the securities and/or the person performing the acts and assuming the duties of depositor or manager.

SCHEDULE B

(1) Name of borrowing government or subdivision thereof;
(2) specific purposes in detail and the approximate amounts to be devoted to such purposes, so far as determinable, for which the security to be offered is to supply funds, and if the funds are to be raised in part from other sources, the amounts thereof and the sources thereof, shall be stated;
(3) the amount of the funded debt and the estimated amount of the floating debt outstanding and to be created by the security to be offered, excluding intergovernmental debt, and a brief description of the date, maturity, character of such debt, rate of interest, character of amortization provisions, and the security, if any, therefore. If substitution of any security is permissible, a statement of the conditions under which such substitution is permitted. If substitution is permissible without notice, a specific statement to that effect;
(4) whether or not the issuer or its predecessor has, within a period of twenty years prior to the filing of the registration statement, defaulted on the principal or interest of any external security, excluding intergovernmental debt, and, if so, the date, amount, and
circumstances of such default, and the terms of the succeeding arrangement, if any;
(6) the receipts, classified by source, and the expenditures, classified by purpose, in such detail and form as the Commission shall prescribe for the latest fiscal year for which such information is available and the two preceding fiscal years, year by year;
(7) the names and addresses of the underwriters;
(8) the estimated net proceeds to be derived from the sale in the United States of the security to be offered;
(9) the price at which it is proposed that the security shall be offered in the United States to the public or the method by which such price is computed. A variation in price may be proposed prior to the date of the public offering of the security, but the Commission shall immediately be notified of such variation;
(10) all commissions paid or to be paid, directly or indirectly, by the issuer to the underwriters in respect of the sale of the security to be offered. Commissions shall include all cash, securities, contracts, or anything else of value, paid, to be set aside, disposed of, or understandings with or for the benefit of any other persons in which the underwriter is interested, made, in connection with the sale of such security. Where any such commission is paid, the amount of such commission paid to each underwriter shall be stated;
(11) the amount or estimated amounts, itemized in reasonable detail, of expenses, other than the commissions specified in paragraph (10) of this schedule, incurred or borne by or for the account of the issuer in connection with the sale of the security to be offered or properly chargeable thereto, including legal, engineering, certification, and other charges;
(12) the names and addresses of counsel who have passed upon the legality of the issue;
(13) a copy of any agreement or agreements made with any underwriter governing the sale of the security within the United States; and
(14) an agreement of the issuer to furnish a copy of the opinion or opinions of counsel in respect to the legality of the issue, with a translation, where necessary, into the English language. Such opinion shall set out in full all laws, decrees, ordinances, or other acts of Government under which the issue of such security has been authorized.

TITLE II

Sec. 201. For the purpose of protecting, conserving, and advancing the interests of the holders of foreign securities in default, there is hereby created a body corporate with the name "Corporation of Foreign Security Holders" (herein called the "Corporation"). The principal office of the Corporation shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the board of directors.

Sec. 202. The control and management of the Corporation shall be vested in a board of six directors, who shall be appointed and
hold office in the following manner: As soon as practicable after the date this Act takes effect the Federal Trade Commission (herein­after in this title called “Commission”) shall appoint six directors, and shall designate a chairman and a vice chairman from among their number. After the directors designated as chairman and vice chairman cease to be directors, their successors as chairman and vice chairman shall be elected by the board of directors itself. Of the directors first appointed, two shall continue in office for a term of two years, two for a term of four years, and two for a term of six years, from the date this Act takes effect, the term of each to be designated by the Commission at the time of appointment. Their successors shall be appointed by the Commission, each for a term of six years from the date of the expiration of the term for which his predecessor was appointed, except that any person appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the unexpired term of such predecessor. No person shall be eligible to serve as a director who within the five years preceding has had any interest, direct or indirect, in any corporation, company, partnership, bank or association which has sold, or offered for sale any foreign securities. The office of a director shall be vacated if the board of directors shall at a meeting specially convened for that purpose by resolution passed by a majority of at least two thirds of the board of directors, remove such member from office, provided that the member whom it is proposed to remove shall have seven days’ notice sent to him of such meeting and that he may be heard.

Sec. 203. The Corporation shall have power to adopt, alter, and use a corporate seal; to make contracts; to lease such real estate as may be necessary for the transaction of its business; to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal; to require from trustees, financial agents or dealers in foreign securities information relative to the original or present holders of foreign securities and such other information as may be required and to issue subpenas therefor; to take over the functions of any fiscal and paying agents of any foreign securities in default; to borrow money for the purposes of this title, and to pledge as collateral for such loans any securities deposited with the Corporation pursuant to this title; by and with the consent and approval of the Commission to select, employ, and fix the compensation of officers, directors, members of committees, employees, attorneys, and agents of the Corporation, without regard to the provisions of other laws applicable to the employment and compensation of officers or employees of the United States; to define their authority and duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and to prescribe, amend, and repeal, by its board of directors, bylaws, rules, and regulations governing the manner in which its general business may be conducted and the powers granted to it by law may be exercised and enjoyed, together with provisions for such committees and the functions thereof as the board of directors may deem necessary for facilitating its business under this title. The board of directors of the Corporation shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid.
Sec. 204. The board of directors may—

1. Convene meetings of holders of foreign securities.
2. Invite the deposit and undertake the custody of foreign securities which have defaulted in the payment either of principal or interest, and issue receipts or certificates in the place of securities so deposited.
3. Appoint committees from the directors of the Corporation and/or all other persons to represent holders of any class or classes of foreign securities which have defaulted in the payment either of principal or interest and determine and regulate the functions of such committees. The chairman and vice chairman of the board of directors shall be ex officio chairman and vice chairman of each committee.
4. Negotiate and carry out, or assist in negotiating and carrying out, arrangements for the resumption of payments due or in arrears in respect of any foreign securities in default or for rearranging the terms on which such securities may in future be held or for converting and exchanging the same for new securities or for any other object in relation thereto; and under this paragraph any plan or agreement made with respect to such securities shall be binding upon depositors, providing that the consent of holders resident in the United States of 60 per centum of the securities deposited with the Corporation shall be obtained.
5. Undertake, superintend, or take part in the collection and application of funds derived from foreign securities which come into the possession of or under the control or management of the Corporation.
6. Collect, preserve, publish, circulate, and render available in readily accessible form, when deemed essential or necessary, documents, statistics, reports, and information of all kinds in respect of foreign securities, including particularly records of foreign external securities in default and records of the progress made toward the payment of past-due obligations.
7. Take such steps as it may deem expedient with the view of securing the adoption of clear and simple forms of foreign securities and just and sound principles in the conditions and terms thereof.
8. Generally, act in the name and on behalf of the holders of foreign securities the care or representation of whose interests may be entrusted to the Corporation; conserve and protect the rights and interests of holders of foreign securities issued, sold, or owned in the United States; adopt measures for the protection, vindication, and preservation or reservation of the rights and interests of holders of foreign securities either on any default in or on breach or contemplated breach of the conditions on which such foreign securities may have been issued, or otherwise; obtain for such holders such legal and other assistance and advice as the board of directors may deem expedient; and do all such other things as are incident or conducive to the attainment of the above objects.

Sec. 205. The board of directors shall cause accounts to be kept of all matters relating to or connected with the transactions and business of the Corporation, and cause a general account and balance sheet of the Corporation to be made out in each year, and cause all accounts to be audited by one or more auditors who shall examine the same and report thereon to the board of directors.
Sec. 206. The Corporation shall make, print, and make public an annual report of its operations during each year, send a copy thereof, together with a copy of the account and balance sheet and auditor's report, to the Commission and to both Houses of Congress, and provide one copy of such report but not more than one on the application of any person and on receipt of a sum not exceeding $1: Provided, That the board of directors in its discretion may distribute copies gratuitously.

Sec. 207. The Corporation may in its discretion levy charges, assessed on a pro rata basis, on the holders of foreign securities deposited with it: Provided, That any charge levied at the time of depositing securities with the Corporation shall not exceed one fifth of 1 per centum of the face value of such securities: Provided further, That any additional charges shall bear a close relationship to the cost of operations and negotiations including those enumerated in sections 203 and 204 and shall not exceed 1 per centum of the face value of such securities.

Sec. 208. The Corporation may receive subscriptions from any person, foundation with a public purpose, or agency of the United States Government, and such subscriptions may, in the discretion of the board of directors, be treated as loans repayable when and as the board of directors shall determine.

Sec. 209. The Reconstruction Finance Corporation is hereby authorized to loan out of its funds not to exceed $75,000 for the use of the Corporation.

Sec. 210. Notwithstanding the foregoing provisions of this title, it shall be unlawful for, and nothing in this title shall be taken or construed as permitting or authorizing, the Corporation in this title created, or any committee of said Corporation, or any person or persons acting for or representing or purporting to represent it—
(a) to claim or assert or pretend to be acting for or to represent the Department of State or the United States Government;
(b) to make any statements or representations of any kind to any foreign government or its officials or the officials of any political subdivision of any foreign government or any committee thereof or any individual or individuals connected therewith were speaking or acting for the said Department of State or the United States Government; or
(c) to do any act directly or indirectly which would interfere with or obstruct or hinder or which might be calculated to obstruct, hinder or interfere with the policy or policies of the said Department of State or the Government of the United States or any pending or contemplated diplomatic negotiations, arrangements, business or exchanges between the Government of the United States or said Department of State and any foreign government or any political subdivision thereof.

Sec. 211. This title shall not take effect until the President finds that its taking effect is in the public interest and by proclamation so declares.

Sec. 212. This title may be cited as the "Corporation of Foreign Bondholders Act, 1933."

Approved May 27th 1933.
EXHIBIT 2
APPENDIX I
CROSS-REFERENCE TABLE

Relating to the General Rules and Regulations
under the Securities Act of 1933, Published
January 21, 1936.

For the convenience of those seeking to find in the General Rules and Regulations provisions corresponding to those in a particular rule as existing prior to the adoption of the General Rules and Regulations, there is set forth below a cross-reference table. Cross-references are made upon the basis of general similarity of subject matter. They do not indicate exact similarity of meaning, as the greater number of the rules have been modified.

Earlier rules are listed in the left-hand column by article or release number; the corresponding rule or rules in the General Rules and Regulations are listed in the right-hand column.

Certain rules in effect on January 21, 1936, but not listed in the table, are enumerated in the paragraph following the table, with brief indications that such rules are included elsewhere or are rescinded, the rescission to take effect March 15, 1936.

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Articles 1, 4, 11, 12(b), 18(2)(d-2), 18(d), 20, 21, 22, and 23 of the original Securities Act Rules and Regulations, as amended, have been rescinded, effective March 15, 1936. The subject matter of Articles 21 and 22 is, however, covered in the Rules of Practice. Article 3, although rescinded as a rule under the Securities Act, remains in effect by virtue of an amendment to the Rules of Practice. The regulations promulgated in Releases 54 and 236 have been rescinded, effective March 15, 1936. Certain regulations promulgated in Releases 231, 309, and 411, each of which applies to a particular form for registration, have been inserted in the appropriate forms by amendment.
GENERAL RULES AND REGULATIONS

under

THE SECURITIES ACT

of

1933

January 21, 1936.
SECURITIES AND EXCHANGE COMMISSION

COMMISSIONERS

James M. Landis, Chairman
George C. Mathews
Robert E. Healy
J. D. Ross
Francis P. Brassor, Secretary

Principal Office

1778 Pennsylvania Avenue, N.W., Washington, D.C.

Regional Offices

Zone 1 (New York, New Jersey, Pennsylvania):
Room 2017, 120 Broadway, New York City.

Zone 2 (Massachusetts, Connecticut, Rhode Island, Vermont, New Hampshire, Maine):
82 Devonshire St., Boston, Mass.

Zone 3 (Tennessee, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Florida, and that part of Louisiana lying east of the Atchafalaya River):
Palmer Building, Atlanta, Ga.

Zone 4 (Minnesota, Wisconsin, Michigan, Iowa, Illinois, Indiana, Ohio, Missouri, Kentucky, Kansas City (Kans.)):
231 South LaSalle St., Chicago, Ill.

Zone 5 (Oklahoma, Arkansas, Texas, that part of Louisiana lying west of the Atchafalaya River, and Kansas (except Kansas City)):
New Federal Building, Fort Worth, Texas.

Zone 6 (Wyoming, Colorado, New Mexico, Nebraska, North Dakota, South Dakota, Utah):
Patterson Building, Denver, Colo.

Zone 7 (California, Nevada, Arizona, Philippine Islands, Hawaii):
635 Market St., San Francisco, Calif.

Zone 8 (Washington, Oregon, Idaho, Montana, Alaska):

Washington Field (Virginia, West Virginia, Maryland, Delaware, District of Columbia):
1778 Pennsylvania Avenue, N.W., Washington, D.C.
The General Rules and Regulations under the Securities Act of 1933, published January 21, 1936, are to become effective March 15, 1936. Subject to any action which may be taken by the Commission between January 21, and March 15, 1936, adopting, amending, or rescinding any rule, these General Rules and Regulations contain all rules under the Securities Act of 1933 which will be in effect on March 15, 1936, except the forms for registration with accompanying instruction books, and the Rules of Practice.

Rules have been grouped according to subject matter under broad classifications designated Regulations, and sub-divisions called Articles. The sequence in which articles and rules have been arranged is based in general on the chronological order of steps involved in the registration of securities.

Rules relating to the same subject matter have been assigned numbers in the same 100 series so far as practicable. In accordance with this plan, and in order that any additional rule adopted in the future may be assigned a number at the point appropriate to the subject matter, no attempt has been made to number the rules consecutively.
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Article 1. Definitions of Terms Used in the Rules and Regulations

Rule 100. Definitions of Terms Used in the Rules and Regulations.

(a) As used in the rules and regulations prescribed by the Securities and Exchange Commission pursuant to the Securities Act of 1933, unless the context otherwise requires:

(1) The term "Commission" means the Securities and Exchange Commission.

(2) The term "Act" means the Securities Act of 1933, as amended.

(3) The term "Section" refers to a section of the Act.

(4) The term "rules and regulations" refers to all rules and regulations adopted by the Commission pursuant to the Act, including the forms for registration and the accompanying instruction books.

(5) The term "registrant" means the issuer of securities for which a registration statement is filed.

(6) The term "agent for service" means the person authorized in the registration statement to receive notices and communications from the Commission.

(b) Unless otherwise specifically provided, the terms used in the rules and regulations shall have the meanings defined in the Act.

(c) A rule in the General Rules and Regulations which defines a term without express reference to the Act or to the rules and regulations or to a portion thereof defines such term for all purposes as used both in the Act and in the rules and regulations, unless the context otherwise requires.

Article 2. Office of the Commission

Rule 110. Business Hours of the Commission.

The principal office of the Commission at Washington, D.C., is open on each business day, excepting Saturdays, from 9 A.M. to 4:30 P.M., and on Saturdays from 9 A.M. to 1 P.M.
Article 3. Inspection and Publication of Registered Information

Rule 120. Inspection of Registration Statements.

Registration statements will be available for public inspection in the office of the Commission, Washington, D. C., during all business hours, except any material contract or portion thereof accorded confidential treatment pursuant to Rule 580.

Rule 121. Sale of Copies of Registered Information.

(a) Photostatic copies of any material filed with the Commission and available for public inspection will be sold to the public at the following rates per photostatic copy, whether several copies of a single original page or one or more copies of several original pages are ordered:

10¢ per photostatic copy of each page, for all copies up to and including 100 in a single order;

7¢ per photostatic copy of each page, for all copies over 100 in a single order.

(b) Estimates as to prices for copies and the time required for their preparation will be furnished upon request. Payment should accompany the order, where practicable. When an order is received and insufficient or no payment accompanies it, the material will be photostated and the party making the order will be billed.

(c) Payment shall be made in cash, or by United States postal money order or certified bank check payable to the Securities and Exchange Commission, omitting the name or title of any official of the Commission.

Article 4. Definitions of Terms Used in the Act

Rule 140. Definition of "Distribution" in Section 2 (11), for Certain Transactions.

A person, the chief part of the business of which consists in the purchase of the securities of any one issuer, its subsidiary and/or affiliate and in the sale of its own securities to furnish the proceeds with which to acquire the securities of such issuer, subsidiary and/or affiliate, is to be regarded as engaged in the distribution of the securities of such issuer, subsidiary and/or affiliate within the meaning of Section 2 (11).
Rule 141. Definition of "Commission from an Underwriter or Dealer Not in Excess of the Usual and Customary Distributors' or Sellers' Commissions" in Section 2 (11), for Certain Transactions.

(a) The term "commission" in Section 2(11) shall include such remuneration, commonly known as a spread, as may be received by a distributor or dealer as a consequence of reselling securities bought from an underwriter or dealer at a price below the offering price of such securities, where such resales afford the distributor or dealer a margin of profit not in excess of what is usual and customary in such transactions.

(b) The term "commission from an underwriter or dealer" in Section 2(11) shall include commissions paid by an underwriter or dealer directly or indirectly controlling or controlled by, or under direct or indirect common control with the issuer.

(c) The term "usual and customary distributors' or sellers' commission" in Section 2(11) shall mean a commission or remuneration, commonly known as a spread, paid to or received by any person selling securities either for his own account or for the account of others, which is not in excess of the amount usual and customary in the distribution and sale of issues of similar type and size, and not in excess of the amount allowed to other persons, if any, for comparable service in the distribution of the particular issue; but such term shall not include amounts paid to any person whose function is the management of the distribution of all or a substantial part of the particular issue, or who performs the functions normally performed by an underwriter or underwriting syndicate.

Rule 150. Definition of "Commission or Other Remuneration" in Section 3 (a)(g), for Certain Transactions.

The term "commission or other remuneration" in Section 3 (a)(g) shall not include payments made by the issuer, directly or indirectly, to its security holders in connection with an exchange of securities for outstanding securities, when such payments are part of the terms of the offer of exchange.

Rule 151. Definition of "Issuance" in Section 4(3) of the Securities Act of 1933, before Amendment, for Certain Transactions.

The term "issuance" in the former Section 4(3) of the Securities Act of 1933 meant a sale by an issuer, within the meaning of the term "sale" as defined in Section 2(3) of the Act to include an "attempt or offer to dispose of" a security for value. Therefore, any security which was bona fide offered for issuance in an exempt transaction of exchange under Section 4(3) prior to July 1, 1934, shall be deemed a security issued in a transaction exempted by that section.
Rule 152. Definition of "Transactions by an Issuer Not Involving Any Public Offering" in Section 4(i), for Certain Transactions.

The phrase "transactions by an issuer not involving any public offering" in Section 4(i) shall be deemed to apply to transactions not involving any public offering at the time of said transactions although subsequently thereto the issuer decides to make a public offering and/or files a registration statement.

Article 5. Application of Rules and Regulations

Rule 160. Effective Date of Rules and Regulations.

Unless it is specifically provided otherwise, every rule and regulation of the Commission and every amendment thereto shall become effective on the sixtieth day after the date of publication thereof.


Rules governing the exemption of a security under Section 3(b) of the Act, as in effect at the time the security is first bona fide offered to the public in conformity therewith, shall continue to govern the exemption of such security notwithstanding subsequent amendments to such rules, except as otherwise provided in any such amendment. This Rule shall not apply to any new offering of such security by an issuer or underwriter made after the effective date of any such amendment.


(a) The form and contents of any prospectus need conform only to the applicable rules in effect at the time the registration statement becomes effective notwithstanding subsequent amendments to such rules, except as otherwise provided in any such amendment or in paragraph (b) or (c) of this Rule.

(b) When a stop order entered under Section 8(d) ceases to be effective as to a registration statement, the form and contents of any prospectus used thereafter for securities covered by such statement shall conform to the applicable rules in effect at the date such stop order ceases to be effective.

(c) Any prospectus of which copies are filed with the Commission on or after March 13, 1933, pursuant to Rule 850(b) shall conform to the requirements of Rule 855.
Exemptions, Except Those Relating to Oil and Gas Interests

Rule 200. $50,000 Exemption.

Subject to the conditions stated in this Rule, the following securities are added, pursuant to Section 3(b) of the Act, to the classes of securities exempted as provided in Section 3(a) of the Act:

Any securities (other than those specified below) upon the condition that the aggregate offering price to the public shall not exceed the sum of $30,000; provided, however, that the amount of the offering shall be reduced by the amount of any other offerings, (whether public or private) within one year prior to the offering herein exempted, of securities of the same issuer, or of any person controlling, controlled by, or under common control with such issuer, unless, or except to the extent that, such offerings have been withdrawn or have comprised securities (a) such as are described in Section 3(a)(3) of the Act or (b) issued in connection with the liquidation or the purchase or pledge of the assets of any national banking association and to which the provisions of Title I of the Act do not apply by reason of any of the provisions of subsection (a) of Section 3 thereof. The aggregate offering price of securities offered at the market shall be taken as the product of the number of units offered multiplied by the price per unit at which the securities were bona fide sold on the first day of sale. The aggregate offering price of any securities exchanged for bona fide outstanding securities or claims shall be determined as provided in Rule 205.

This Rule shall not be applicable to exempt (i) certificates of deposit, except certificates of deposit or receipts issued pursuant to a plan and/or agreement under which such certificates of deposit or receipts are to be exchanged for bonds issued by the Home Owners' Loan Corporation and/or the net cash proceeds thereof; (ii) securities exchanged for bona fide outstanding securities or claims; (iii) voting trust certificates; or (iv) overriding royalty interests, oil and/or gas payments, or fractional undivided interests in oil, gas or other mineral rights.

Rule 201. General Exemption of Securities Sold for Cash.

Subject to the conditions stated in this Rule, the following securities are added, pursuant to Section 3(b) of the Act, to the classes of securities exempted as provided in Section 3(a) of the Act:

Any securities (other than notes or bonds directly secured by first mortgage or first deed of trust on real estate or on a lease hold, and other than overriding royalty interests, oil and/or gas payments, or fractional undivided interests in oil, gas or other mineral rights), subject to the following terms and conditions:
(1) That no securities of the same class as those herein exempted shall have been sold otherwise than for cash within one year prior to the offering of the securities herein exempted and that no portion of the securities herein exempted shall be sold otherwise than for cash.

(2) That the aggregate offering price to the public shall not exceed the sum of $100,000; provided, however, that the amount of the offering shall be reduced by the amount of any other offerings of securities of the same issuer which, within one year prior to the offering herein exempted, were exempted from registration solely by reason of this or any other rule under Section 3(b) of the Act, unless, or except to the extent that, such offerings have been withdrawn. The aggregate offering price of securities offered at the market shall be taken as the product of the number of units offered multiplied by the price per unit at which the securities were bona fide sold on the first day of sale.

(3) That, if distribution be effected through an underwriter for an issuer, the net proceeds realized by the issuer from the securities herein exempted shall be not less than 90 per cent of the aggregate offering price thereof to the public, calculated as provided in section (2) above.

(4) That there shall be inserted in a conspicuous part of any prospectus prepared or authorized by the issuer (or by a person controlling, controlled by, or under common control with, the issuer) offering for sale any security herein exempted, in type as large as that used in the body thereof, the following statement:

"These securities have not been registered with the Securities and Exchange Commission, because such securities are believed to be exempted from registration. But such exemption, if available, in no sense indicates approval by the Commission of the merits of these securities."

(5) That the securities: (a), if evidences of indebtedness, shall be in denominations of not less than $500 principal amount each; or (b), if shares of stock or similar interests in a trust or unincorporated association, shall have a par or, if no-par, a stated value of not less than $100 each; or (c), if securities issued only to bona fide members or members-elect by a person organized and operated exclusively for social, literary, artistic, athletic or recreational purposes, and not for pecuniary profit, no part of the net earnings of which inures to the benefit of any shareholder, member or individual, shall be in units of not less than $10 each; or (d), if any other kind of security, shall be in units of not less than $500 each. Subscriptions to purchase any of the foregoing shall be in minimum amounts as to each equal to their denomination, par or stated value as specified above with regard to each respectively.
Rule 202. Exemption of Stock in a Corporation or Interests in a Trust or Unincorporated Association. *

Shares of stock, or similar interests in a trust or unincorporated association* (except in cases where such securities are offered in exchange for bona fide outstanding securities or claims and except royalty interests, working interests, free working interests, overriding royalty interests, and oil and/or gas payments) are added, pursuant to Section 3(b) of the Act, to the classes of securities exempted as provided in Section 3(a) of the Act, subject to the following terms and conditions:

(1) That such securities shall not be offered to the public at a price less than the par or, if no-par, stated value thereof; provided, however, that this limitation shall not apply to securities once issued and reacquired by the issuer thereof for cash or its equivalent at approximately the price at which such securities were then being bought and sold in a bona fide market or were then being sold by the issuer to the public.

(2) That the aggregate offering price to the public shall not exceed the sum of $100,000; provided, however, that the amount of the offering shall be reduced by the amount of any other offerings of securities (other than certificates of deposit) of the same issuer which, within one year of the offering herein exempted, were exempted from registration solely by reason of this or any other rule under Section 3(b) of the Act, unless, or except to the extent that, such other offerings have been withdrawn. The aggregate offering price of securities offered at the market shall be taken as the product of the number of units offered multiplied by the price per unit at which the securities were sold on the first day of sale. The aggregate offering price of securities exchanged for bona fide outstanding securities or claims shall be determined as provided in Rule 205.

(3) That the net proceeds, after deduction of all expenses of distribution, realized by the issuer from the securities herein exempted, shall be not less than 75 per cent of the aggregate offering price thereof to the public, calculated as provided in section (2) above.

(4) That the issuer shall provide, by such means as are legally effective, that the holders of the securities specified in paragraphs (a), (b) and (c) below shall not

(i) dispose of any such securities, or

(ii) be entitled to any distribution upon liquidation whether voluntary or involuntary, unless the holders of all securities who paid cash therefor shall have been repaid an amount equal to the net amount received by the issuer from the sale of such securities, until the issuer shall have earned a net profit from operations for a period of one year; securities to be so provided for being:

*See also Rules 200, 201, and 205.
(a) Securities issued within one year to any promoter or organizer for services rendered in excess of the actual expenses of such promoter or organizer.

(b) Securities issued to any promoter or organizer for property in excess of the cash outlay for such property, if such property was acquired by such promoter or organizer within one year prior to the offering herein exempted.

(c) Securities issued to any promoter or organizer for property, if such property was not acquired by such promoter or organizer within one year prior to the offering herein exempted, in excess of the fair cash value of such property, provided, and to the extent, that such promoter or organizer still holds the beneficial ownership of such securities.

(5) That there shall be inserted in a conspicuous part of any prospectus prepared or authorized by the issuer (or by a person controlling, controlled by, or under common control with, the issuer) offering for sale any security herein exempted, in type as large as that used in the body thereof, the following statement:

"These securities have not been registered with the Securities and Exchange Commission because such securities are believed to be exempted from registration. But such exemption, if available, in no sense indicates approval by the Commission of the merits of these securities."

(6) That any prospectus intended to comply with the requirements of section (7) below, which shall have been prepared or authorized by the issuer (or by a person controlling, controlled by, or under common control with, the issuer), shall have been filed with the Securities and Exchange Commission (with a separate letter of transmittal) prior to any use of such prospectus.

(7) That no person who sells any security exempted under this Rule shall be immune from the liabilities imposed upon such person if the security were not so exempted, unless such person shall, prior to the time of such sale, give the purchaser (unless such purchaser be a financial institution or insurance company and be under state or federal supervision) a prospectus (which shall contain the statement required under section (5) above) briefly setting forth at least the following:

(a) the name of the issuer and the state of its incorporation or organization;

(b) the names and addresses of the issuer's directors (or persons performing similar functions) and of its principal officers;

(c) the number and classes of shares authorized;
(d) the number and classes of shares outstanding and the consideration for which such shares were issued (i.e., whether cash, property or services, segregated as to each or with explanatory footnote);

(e) the number and classes of shares now proposed to be offered;

(f) the amounts of each class of securities referred to in section (4) above, and the terms of the agreement or other arrangement whereby the requirements of such section (4) will be complied with;

(g) the price per share and the minimum net amount to be realized by the issuer from the sale of the shares proposed to be offered;

(h) the amount of the funded debt of the issuer;

(i) the outstanding debts of the issuer, excluding debt mentioned in (h) above;

(j) the name of each officer and employee of the issuer to be paid or expected to be paid an aggregate amount (as salary, bonus, fees or any other form of remuneration) during the coming year in excess of $6,000; provided, however, that the foregoing information may be omitted in the case of an issuer which has made generally available to its shareholders earnings statements covering a period of at least three consecutive fiscal years prior to the offering of the securities herein exempted;

(k) if any property was acquired by the issuer, directly or indirectly, from any promoter or past or present officer or director of the issuer, or from any person possessing a substantial interest in the issuer within the last three years or is to be presently so acquired, the amount paid for such property by the issuer and the amount paid by each such person above described for such property so far as known or reasonably ascertainable; and, if any representation as to the present worth of such property be made, the basis of such representation and the identity and qualifications of any person on whose authority such representation is made;

(l) a brief description of the capital assets of the issuer, specifying the nature of its interest in such assets;

(m) a statement of any royalty, license, or contingent obligations of the issuer.

Rule 203. Exemption of First Mortgage Notes and Bonds.

Subject to the conditions stated in this Rule, the following securities are added, pursuant to Section 3(b) of the Act, to the classes of securities exempted as provided in Section 3(a) of the Act:
Notes or bonds directly secured by first mortgage or first deed of trust on real estate or on a leasehold* (other than oil, gas or mining leaseholds, provided that the grant of a right to remove oil, gas or other minerals shall not limit the exemption with reference to the first mortgage on the surface), either:

A. If such securities are in denominations of not less than $500 principal amount each, then subject to the terms and conditions prescribed in Rule 201; provided, however, that the terms and conditions of Section (5) of Rule 201 shall not apply, if the terms and conditions of Sections (5), (6), and (7) of Paragraph B below are satisfied: or

B. If such securities are in denominations of less than $500 principal amount each, then subject to the terms and conditions prescribed in sections (1), (2), (3), and (4) of Rule 201, and also to the following:

(5) That such securities shall be in denominations of not less than $50 principal amount each.

(6) That any prospectus intended to comply with the requirements of section (7) below, which shall have been prepared or authorized by the issuer (or by a person controlling, controlled by, or under common control with, the issuer), shall have been filed with the Securities and Exchange Commission (with a separate letter of transmittal) prior to any use of such prospectus.

(7) That no person who sells any security exempted under this Rule shall be immune from the liabilities imposed upon such person if the security were not so exempted, unless such person shall, prior to the time of such sale, give the purchaser (unless such purchaser be a financial institution or insurance company and be under state or federal supervision) a prospectus (which shall contain the statement required under section (4) of Rule 201) briefly setting forth at least the following:

(a) The location of the real estate or leasehold.

(b) The number and total amount of securities issued under the mortgage or deed of trust, and, if securities in addition to those actually issued are authorized to be issued under the mortgage or deed of trust, a statement of the total amount so authorized to be issued.

(c) The amount of discounts, brokerage charges, fees (other than property insurance) and all other expenses incurred by the borrower in connection with the loan or charges for servicing such loan, briefly itemized.

(d) The assessed value of the underlying property as of the time of the issuance of the securities where the same is available, or, if not available, then the assessed value nearest to such date.

*See also Rules 200 and 205.
(e) The aggregate taxes assessed against the underlying property for the latest year prior to the issuance of such security for which such assessment has been made, together with a statement of any special assessments that may have been made against such property but remain unpaid.

(f) The amount for which the underlying property was appraised in connection with the mortgage or deed of trust, together with the name of the appraiser and a statement of his interest in or connection with the issuer, or, if no appraisal was made in such connection, the amount of any other appraisal known to the seller and the date and circumstances under which such appraisal was made.

(g) The person or persons (not including agents of such persons) who examined the title and/or guaranteed such title.

(h) The names of the trustees, if any, under the mortgage or deed of trust, and a statement as to their interest in or connection with the issuer, if any.

(i) The rights of the security holder, summarized, upon default in payment of the interest or any other payment required to be made under the terms of such security or the mortgage or deed of trust.

(j) The nature of any retirement, sinking fund, or amortization provision.

(k) The amount of the insurance outstanding upon the underlying property, its character, and the obligations of the mortgagor to maintain such insurance.

(l) The purposes for which the underlying property is used or is to be used, with a brief description of the nature of such property.

(m) In the case of a construction mortgage, a statement as to that effect together with a statement regarding the liability of the underlying security for prior mechanics', materialmen's, and similar liens, (the character and nature of which shall be briefly described), if any such liability may exist, and a statement as to the availability of funds to complete the structure.

(n) In the case of a security guaranteed by a corporation other than the issuer, a summarized balance sheet of such corporation as of a date not more than 90 days prior to the issuance of such security, which shall clearly set forth the contingent liabilities of such corporation.

Rule 204. Exemption of Certificates of Deposit.

Certificates of deposit and similar securities are added, pursuant to Section 3(b) of the Act, to the classes of securities exempted as provided in Section 3(a) of the Act, subject to the following terms and conditions:
A. That the aggregate amount of all securities of any one issuer the deposit of which is solicited shall not exceed $100,000. The aggregate amount of such securities shall be their aggregate market value as established by bona fide sales of any such securities within a reasonable time prior to the commencement of solicitation; if, however, no such sale is known to have occurred, the aggregate amount shall be one-third of the aggregate principal amount of such securities, or whichever is the greater of (i) one-third of the aggregate par, or if no-par, stated value thereof, or (ii) the aggregate book value thereof.

B. That although a certificate of deposit is exempted under this Rule, no person soliciting a deposit shall be immune from the liabilities imposed upon such person if such certificate were not so exempted unless:

(1) Prior to or at the time of the solicitation of deposit (whether or not the deposit agreement is accompanied by a "plan", as hereinafter defined), there shall be sent or given, or, in case of a general solicitation by newspaper advertisement, there shall be offered, to any person solicited, a statement containing a summary of the principal provisions of the deposit agreement with respect to:

(a) The circumstances under which any depositor may become bound to any plan of reorganization, or plan for the complete or partial liquidation of the issuer of the deposited securities, or plan for the exchange or other sale of such securities (all hereinafter referred to as a "plan"); and

(b) the terms and conditions upon which any right of depositors to withdraw from the deposit agreement may be exercised, including any charges thereupon payable, and a statement as to the general purpose of such charges; and

(2) Prior to or at the time of any solicitation of deposit under a deposit agreement accompanied by a plan, or prior to or at the time that opportunity to assent to or to dissent from any plan is given on such terms that the person assenting or failing to dissent within a limited time may be bound to such plan, there shall be sent or given, or, in case of a general submission by newspaper advertisement, there shall be offered, to the person to whom a plan is thus submitted:

(a) A copy of the plan, or a statement containing a summary of the principal provisions of the plan with respect to:

(1) the terms and provisions of all securities to be delivered in exchange or otherwise to be disposed of in connection with the plan; and

(2) the terms on which all such securities are to be exchanged or otherwise disposed of; and

(3) the amount of, or the method of determination of, any fees payable to any persons for preparing submitting or recommending the plan, to any depository for acting as such, and to
counsel for legal services in connection with preparing or carrying out the plan, stating the funds out of which such fees are proposed to be paid, and, if the plan leaves such fees for subsequent determination and contains no provision for their determination by an independent person, specifically so stating.

(b) If the issuer of any securities to be delivered in exchange pursuant to the plan has been in existence for a period of twelve months or more prior to the first date of submission of the plan, the following financial data concerning such issuer, so far as known to the person submitting the plan, and so far as reasonably available if such issuer is a person controlling, controlled by, or under common control with, the person submitting the plan:

(i) a balance sheet as of a date, if possible, not more than 90 days prior to such date of submission; and

(ii) a profit and loss statement of the issuer for the last fiscal year prior to such date of submission; and

(iii) if the close of the fiscal year is more than six months prior to such date of submission, a profit and loss statement from such closing date to the latest practicable date prior to such submission;

except that for an individual issuer, statements of assets and liabilities and of income and expenditures may be substituted for the foregoing; and except that for an issuer in receivership or bankruptcy, statements of receipts and disbursements based upon the available reports of the receiver or trustee may be substituted for the profit and loss statements required by the foregoing.

(c) If the issuer of the outstanding securities to be received in exchange is another than the issuer of any securities to be delivered in exchange, financial data concerning the issuer of such outstanding securities as required under (b) above.

(d) If the issuer of any securities to be delivered in exchange will, pursuant to the plan, acquire, directly or indirectly, a substantial proportion of the assets which have been used in conducting any business of another person (other than the person provided for in (c) above) within three years prior to the first date of submission of the plan, the following financial data of the last of such other persons, so far as known to the person submitting the plan, and so far as reasonably available if such other person is a person controlling, controlled by, or under common control with, the person submitting the plan:

(i) a balance sheet, confined to the assets transferred and liabilities assumed or with such assets and liabilities specially indicated so far as practicable, as of a date, if possible, not more than 90 days prior to the date of transfer of such assets by such person, or prior to the first date of submission, whichever date is earlier; and
(11) a profit and loss statement, confined to income and expenses attributable to the assets transferred or with such income and expenses specially indicated as far as practicable, for the last fiscal year which includes any part of the period of such person's ownership of such assets, or, in the alternative, for the latest practicable period of twelve months prior to the first date of submission which does include part of such period of ownership;

except that for an individual, statements of assets and liabilities and of income and expenditures may be substituted for the foregoing; and except that for a person in receivership or bankruptcy, statements of receipts and disbursements based upon the available reports of the receiver or trustee may be substituted for the profit and loss statements required by the foregoing.

(e) If the issuer of any securities to be delivered in exchange is, pursuant to the plan, to acquire securities issued by another person (other than the person provided for in (c) above) which will give it control of such other person or which will comprise 25 per cent or more of all assets to be acquired by it pursuant to the plan, the following financial data concerning such other person, so far as known to the person submitting the plan, and so far as reasonably available if such other person is a person controlling, controlled by, or under common control with, the person submitting the plan:

(i) a balance sheet of such other person, as of a date, if possible, not more than 90 days prior to the first date of submission; and

(ii) a profit and loss statement for the last fiscal year prior to the first date of submission for which one is available;

except that for an individual, statements of assets and liabilities and of income and expenditures may be substituted for the foregoing; and except that for a person in receivership or bankruptcy, a statement of receipts and disbursements based upon the available reports of the receiver or trustee may be substituted for the profit and loss statement required by the foregoing.


Securities (other than certificates of deposit or voting trust certificates) exchanged for bona fide outstanding securities or claims (whether or not a cash payment in connection with such exchange be distributed to, or required from, the holders of such securities or claims) are added, pursuant to Section 3(b) of the Act, to the classes of securities exempted as provided in Section 3(a) of the Act, subject to the following terms and conditions:
(1) That the aggregate offering price to the public of all such securities delivered in any exchanges by the issuer of the securities herein exempted within a period of one year, which were exempted from registration solely by reason of this or any other rule under Section 3(b) of the Act, shall not exceed $100,000. The aggregate offering price of any securities delivered in any exchange shall be taken as the aggregate value of the consideration to be received for such securities from the persons to whom the securities are ultimately to be delivered, calculated as follows:

(a) In case the consideration to be received consists of securities entirely of one class, the value shall be their aggregate market value as established by bona fide sales of any such securities within a reasonable time prior to the first date of submission of the plan embracing the offer of exchange. If, however, no such sale is known to have occurred, the value shall be one-third of the aggregate principal amount of such securities, or whichever is the greater of (1) one-third of the aggregate par, or, if no-par, stated value thereof, or (ii) the aggregate book value thereof.

(b) In case the consideration to be received consists only in part of securities, or only in part of securities of one class, the value of these securities to be received in exchange which are preferred as to liquidation rights over all other securities to be received in exchange shall first be calculated as provided in (a) above and the value of the other securities or other consideration shall be calculated by multiplying the number of units of securities to be delivered in exchange therefor by the value of the units to be delivered in exchange for the securities which are preferred as to liquidation rights.

(c) In case the consideration to be received in exchange consists entirely of bona fide outstanding claims, the value of the claims shall be taken as their face value, unless the obligor shall have been declared insolvent in any receivership, bankruptcy or similar proceedings, in which case the value of the claims shall be taken as one-third of their face value.

(d) The value of all securities delivered in exchange, as calculated above, shall be increased or diminished, respectively, by the amount of any cash payment demanded or distributed in connection with their delivery.

(2) That, although a security is exempted under this Rule, no person offering such security for exchange shall be immune from the liabilities imposed upon such person if the security were not so exempted unless, prior to or at the time of any submission of the plan embracing the offer of exchange pursuant to which the securities herein exempted are delivered, there shall be sent or given, or, in the case of a general offer of exchange by newspaper advertisement, there shall be offered, to any person to whom the plan is submitted, the documents and information required under subsection (2) of section 8 of Rule 204 with respect to the submission of a plan accompanying a deposit agreement.
Rule 206. Exemption of Voting Trust Certificates.

Voting trust certificates are added, pursuant to Section 3(b) of the Act, to the classes of securities exempted as provided in Section 3(a) of the Act, subject to the following terms and conditions:

(1) That the aggregate amount of all securities proposed to be received subject to the voting trust agreement pursuant to which the certificates are issued shall not exceed $100,000. The aggregate amount of such securities shall be their aggregate market value as established by bona fide sales of any such securities within a reasonable time prior to the first offering of the voting trust certificates; if, however, such securities are not then outstanding, or if no such sale is known to have occurred, their aggregate amount shall be the aggregate principal amount of such securities or whichever is the greater of (i) the aggregate par, or, if no-par, stated value thereof, or (ii) the aggregate book value thereof.

(2) That, although a voting trust certificate is exempted under this Rule, no person offering such certificate in exchange for any security received or to be received subject to the voting trust agreement shall be immune from the liabilities imposed upon such person if the certificate were not so exempted unless, prior to or at the time of the offer of the voting trust certificate, there shall be sent or given, or in the case of a general offer by newspaper advertisement, there shall be offered, to the person to whom the offer is made, a statement containing:

(a) A summary of the provisions of the voting trust agreement with respect to

(i) the duration of the trust;

(ii) the distribution of dividends, interest or rights received on account of the securities covered by the trust agreement;

(iii) the compensation, if any, of the trustees;

(iv) the limitations, if any, upon their liability; and

(v) the selection of additional and successor trustees;

(b) The names, addresses, and principal occupations of the persons selected as voting trustees.

(c) If, to the knowledge of the person making the offer, any of the trustees has been designated because of his connection with, or in order to represent, any group of security holders or persons interested in the issuer of the securities covered by the voting trust agreement, a brief statement with respect to each such connection or representation; and

(d) If one or more of the trustees remain to be chosen, a brief summary as to the provision of any agreement known to the person making the offer with regard to the designation of such trustee.

Subject to the conditions stated in this Rule, the following securities are added, pursuant to Section 3(b) of the Act, to the classes of securities exempted as provided in Section 3(a) of the Act:

With respect to any offers to sell, solicitations of offers to buy, sales or deliveries occurring before repeal of this provision (of which at least ten days' notice by publication will be given by the Commission), fractional undivided interests in mineral rights (other than oil or gas rights) and any rights to participate in minerals (other than oil or gas), or the proceeds thereof, produced by another from a specified tract, subject, however, to the condition that the aggregate amount of any interest or right of which the offered fractional interest or right to participate is a part, shall not exceed $100,000. Such amount shall be determined by applying the offering price of the offeror claiming exemption to the base specified below:

(1) In the case of a fractional undivided interest, the base shall be the aggregate interest of the owner in the chain of title by whom the fractional interest is or was created in the size in which it is offered.

(2) In the case of a right to participate, the base shall be the sum of any such rights (relating to the same tract) existing at the time of the offering plus the rights included in the offering for which exemption is claimed.

Rule 208. Exemption of Certain Securities Issued in Connection with Reorganizations of Banks.

Securities which have been or are to be issued to depositors, creditors or stockholders of a bank pursuant to a plan of reorganization, the effectiveness of which depended or will depend upon the approval of the Comptroller of the Currency and the consent of stockholders and/or depositors and other creditors, as provided by Section 207 of the Act of March 9, 1932, amended May 20th, 1933, are added, pursuant to Section 3(b) of the Securities Act, to the classes of securities exempted as provided in Section 3(a) of the Act; provided, however, that no issue of securities is or shall be exempted hereby where the aggregate amount at which such issue was or is offered to the public exceeded or exceeds $100,000.

Rule 209. Exemption of Certain Mortgages and Trust Agreements.

Subject to the conditions stated in this Rule, the following securities are added, pursuant to Section 3(b) of the Act, to the classes of securities exempted as provided in Section 3(a) of the Act:

(1) Any mortgage, as defined in Section 201(a) of the National Housing Act, as amended, which is insured by the Federal Housing Administrator, pursuant to Title II of said Act, involving a principal obligation, as defined in Section 203(b)(2) of said Act, in an amount not to exceed $18,000, regardless of the amount of other obligations of the mortgagor, whether or not so insured.
(2) Any trust agreement under which a mortgagee approved by the Federal Housing Administrator pursuant to Section 203(b)(1) of the National Housing Act, as amended, holds in trust for another person property which consists only of a single mortgage, as described in paragraph (1) above, and such proceeds of payments by the mortgagor as the mortgagee-trustee, pursuant to such trust agreement, retains as cash and/or invests only in property which is a legal investment for trust funds under applicable state law.
REGULATION B

Exemptions Relating to Oil and Gas Interests

Article 1. Definitions

Rule 300. Definitions of Terms Used in Regulation B.

As used in Regulation B:

(1) The term "royalty interests" means fractional undivided landowners' oil or gas royalty interests.

(2) The term "working interests" means fractional undivided oil or gas leasehold interests, the holders of which share in all the expense of development or operation of the lease.

(3) The term "free working interests" means fractional undivided oil or gas leasehold interests in a lease, any part of the expense of development and operation of which is borne by another than the holders.

(4) The term "overriding royalty interests" means rights of participation in the oil or gas, or in the proceeds of the sale of oil or gas, produced by another (excluding royalty interests, however), which are unlimited as to amount ultimately to be received, but which do not carry rights of entry or of development or operation.

(5) The terms "oil payments", "gas payments", and "oil and gas payments" mean rights of participation in the oil or gas, or in the proceeds of sale of oil or gas, produced by another (excluding royalty interests, however), which are limited to an amount fixed in barrels of oil, cubic feet of gas, or dollars, and which do not carry rights of entry or of development or operation.

(6) The term "offeror" means any dealer in interests of a class exempted hereunder (whether or not he is issuer of the interest in question), who sells or offers to sell an interest exempted hereunder; but the term does not include an employee of such a dealer acting within the scope of his employment.

Article 2. Exemption Pursuant to Section 3 (b) of the Act

Rule 310. Exemption Pursuant to Section 3 (b).

Subject to the terms and conditions specified in Regulation B, royalty interests, working interests, free working interests, overriding royalty interests, and oil and/or gas payments, shall be exempted in accordance with the provisions of Section 3 of the Act.
Rule 311. Aggregate Amount not to Exceed $100,000.

The aggregate amount of which any interest exempted hereunder is a part, shall not exceed $100,000. The aggregate amount shall be computed upon the offering price of the offeror claiming exemption, as applied to the basis specified below:

(1) In the case of a royalty interest, a working interest, or a free working interest, the basis of computation shall be the aggregate interest of the owner in the chain of title by whom the fractional interest is, or was created in the size in which it is offered.

(2) In the case of an overriding royalty interest or an oil and/or gas payment, the basis of computation shall be the sum of any such interests and payments (relating to the same tract) existing at the time of the offering plus the interests or payments included in the offering for which exemption is claimed.

Rule 312. Exception from Exemption.

Notwithstanding the provisions of any other rule of Regulation B, no exemption shall be available hereunder for any free working interest, overriding royalty interest or oil and/or gas payment if, at the time of its creation by the lessee, more than half of the tract's production (or of the proceeds of its production), remaining after deduction of the landowners' royalty share, is, or in connection with the offering will be, allocated (1) to free working interests and/or (2) to leasehold interests which are subject to either overriding royalty interests or oil and/or gas payments.

Article 3. Requirements for Offerors Seeking Exemption

Rule 320. Requirements for Relief from Liability for Non-registration.

No offeror shall be relieved from any liability which, in the absence of the exemption provided by Regulation B, would be imposed upon him because the security offered was unregistered, unless -

(1) At the time of sale he is registered in accordance with any rules prescribed by the Commission with regard to the registration of dealers in unregistered oil and gas interests (provided, however, that this paragraph (1) shall become effective only in such manner as may be provided in such rules); and

(2) The requirements of Rules 321-25, 330, and 331 below are complied with, except that compliance with such latter requirements shall not be necessary in the case of a sale to:

(a) A dealer;

(b) A bank, trust company, or insurance company, unless the bank or company is known to be purchasing in the capacity of trustee; or

(c) A person regularly engaged in the business of exploring for or producing oil and/or gas.

Prior to the conclusion of any contract of sale of an interest exempted hereunder, the offeror shall deliver or cause to be delivered to the purchaser an Offering Sheet complying with the requirements of Rule 330 subject to the conditions and qualifications set forth in Rule 331.

Rule 322. Filing of Offering Sheet.

Prior to the use of any Offering Sheet purporting to comply with the requirements of Rule 330, the offeror or a person acting on his behalf shall file three copies thereof with the Commission.

Rule 323. Filing of Names and Addresses of Offerors.

If the copies of any Offering Sheet required to be filed with the Commission are filed by a person on behalf of another or others, he shall file at the same time with the Commission lists in triplicate of the names and addresses of the offerors on whose behalf the filing is made. Such lists may be amended at any time by the person making the filing.

Rule 324. Delivery of Evidence of Validity of Title.

Prior to the payment of any part of the consideration by the purchaser of any interest exempted hereunder, the offeror shall deliver to the purchaser evidence, satisfactory to the purchaser, of the validity of the title which he will receive, or upon which his interest will depend.

Rule 325. Filing of Form 1-G.

Not later than 15 days after the conclusion of the contract for the sale of the interest, the offeror making such sale shall file with the Commission a statement on Form 1-G, which statement shall be kept confidential by the Commission, unless disclosure thereof becomes necessary, in its opinion, in connection with an investigation or prosecution of an alleged violation of the Act or regulations thereunder or in connection with a proceeding to revoke registration of a dealer.

Article 4. Offering Sheet

Rule 330. Contents and Form of Offering Sheet.

The Offering Sheet required by Rule 321 shall contain the information and shall be in the form specified by the schedules designated below, which are hereby incorporated in and made a part of this Rule:

(1) Schedule A if the interest offered is a producing landowners' royalty interest;

* Copies of Schedules A to H, which are published separately, will be furnished upon request.
(2) Schedule B if the interest offered is a non-producing landowners' royalty interest;

(3) Schedule C if the interest offered is a producing working interest or producing free working interest;

(4) Schedule D if the interest offered is a non-producing working interest or non-producing free working interest;

(5) Schedule E if the interest offered is a producing overriding royalty interest;

(6) Schedule F if the interest offered is a non-producing overriding royalty interest;

(7) Schedule G if the interest offered is an oil or gas payment to be made from a property represented to be producing at the time of the offering;

(8) Schedule H if the interest offered is an oil or gas payment to be made from a property represented to be non-producing at the time of the offering.

Rule 331. Representations in Offering Sheet; Information Unknown to Offeror; Date of Information.

The Offering Sheet required by Rule 321 shall be furnished subject to the following conditions and qualifications:

(1) All statements or information contained in Division II or in Exhibit A of any Offering Sheet shall be continuing representations by the person filing such Sheet to any person who may purchase any interest described therein, in reliance upon a copy thereof, from or through the person making the filing or from or through any person on whose behalf the filing shall have been made, that he has made a reasonable investigation of the facts as stated or shown therein and that he has reasonable grounds to believe, and does believe, that they are true as of the dates stated therein. The filing of such Sheet shall constitute a further like representation that no fact known to him has been omitted, the inclusion of which would reasonably appear necessary in the light of the circumstances to make the information contained therein not misleading to the purchaser. The inclusion of any copy of any written instrument, which must or may be furnished as an Exhibit in connection with any Offering Sheet, is a like representation by the person filing the Sheet that such copy is a true copy.

(2) All statements or information contained in Division II or in Exhibit A of any Offering Sheet shall be continuing representations by any offeror who delivers or causes such Sheet to be delivered to any purchaser from or through him of any interest described therein in reliance thereon, that such offeror has reasonable grounds to believe, and does believe, that they are true as of the dates stated therein, and the delivery by him of such a sheet to any such purchaser shall constitute a further
representation that no fact known to him has been omitted, the inclusion of which would reasonably appear necessary in the light of the circumstances to make the information contained therein not misleading to the purchaser.

(3) Any report, estimate, valuation, or opinion of another than the person filing the Offering Sheet which may or must be furnished as a part thereof shall not be regarded as a representation by the person filing the Offering Sheet or the offeror, if the person filing the Offering Sheet has reason to believe and does believe that the author has and has exercised the necessary qualifications and integrity to make such report, estimate or valuation or to express such opinion.

(4) If after reasonable effort, an item of required information cannot be furnished or there is reason to doubt the accuracy of all the information which has been acquired with regard thereto, any answer to the item may be omitted, but an explanation of the reason for the omission must be given. In no case, however, may there be omitted on this ground information which is a matter of public record in the state or territory in which the tract is located. As to matters of public record, there may be included a disclaimer of responsibility if reference to the public record is given.

(5) As used herein, "reasonable effort" or "reasonable investigation" shall mean the effort or investigation that a reasonably prudent person would make as a purchaser on his own account.

(6) All information contained in an Offering Sheet, including exhibits, shall be of a date not more than 90 days, in the case of producing interests, nor more than 120 days in the case of non-producing interests, prior to the delivery of the Offering Sheet to the purchaser. If under any item or in any exhibit, information is given as of a date different from that required, there must be included an explanation of the failure to supply it as of the date required.
REGULATION C

Registration

Article 1. Application of Regulation C

Rule 400. Application of Regulation C.

The rules contained in this Regulation shall govern every registration of securities under the Act, except that any provision in a form or instruction book covering the same subject matter as any such rule shall be controlling.

Article 2. Formal Requirements as to Registration Statements

Rule 410. Forms.

A registration statement shall be on the form prescribed therefor by the Commission, as in effect upon the date of filing. Any statement shall be deemed to be filed on the proper form unless objection to the form is made by the Commission prior to the effective date of the statement.*

Rule 411. Procedure Where Printed Form Not Used.

The registrant is not required to use a printed form supplied by the Commission. If such printed form is not used, however, it will be necessary to type or print a complete statement containing all items in the form and the answers thereto. In such statement the items of the form shall be made to stand out clearly from the answers thereto by variation in margin or type size, or by other means.

Rule 412. Paper.

The registration statement, including all amendments and, where practicable, all documents filed as part thereof, shall be on good quality unglazed white paper, 3 1/2 by 13 inches in size. Tables and financial data, however, may be on larger paper, if folded to such size.

Rule 413. Type; Ink.

The text of all papers included in the registration statement shall be printed, mimeographed, or typewritten, where practicable. All copies shall be in distinct and easily readable type. Debits in credit categories and credits in debit categories may be set forth in red or black

*For rules governing the choice of the appropriate form, see the "Guide to Forms Adopted under the Securities Act of 1933", which will be furnished upon request.
ink, but shall in all cases be designated in such manner as to be clearly
distinguishable as such on photostatic copies. All other printing, typing,
and other markings shall be in black ink.

Rule 414. Margins.

All papers included in the registration statement shall have a side margin
of at least 1 1/2 inches for binding, except exhibits not prepared in con­
nection with the registration statement.

Rule 415. Riders; Inserts.

Riders shall not be used. If the registration statement is typed on a
printed form, and the space provided for the answer to any given item is
insufficient, reference shall be made in such space to a full insert page
or pages on which the item number and item shall be restated and the com­
plete answer given.

Article 3. Contents of Registration Statements

a. Terms used in the Forms for Registration

Rule 450. Substitution of “Securities and Exchange Commission” for
“Federal Trade Commission”.

Wherever the words “Federal Trade Commission” appear in any of the forms
for registration or in the instructions pertaining thereto, the words
“Securities and Exchange Commission” are substituted therefor.

Rule 451. Reference to Rule or Regulation by Obsolete Designation.

Wherever in any form, instruction book or other rule or regulation adopted
by the Commission prior to March 15, 1936, specific reference is made to
a rule or regulation by number or other designation, such reference shall
be deemed to be made to the corresponding rule or rules in these General
Rules and Regulations.

Rule 455. Definitions of Terms Used in the Forms for Registration.

Unless the context otherwise requires, all terms used in the forms for
registration and in the instructions pertaining thereto have the same
meanings as in the Act and in the General Rules and Regulations. In ad­
dition, the following definitions apply, unless the context otherwise
requires:

“Affiliate.” An "affiliate" of, or a person "affiliated" with, a speci­
fi ed person, is a person that directly, or indirectly through one or more
intermediaries, controls, or is controlled by, or is under common control
with, the person specified.

“Amount.” The term "amount", when used in regard to securities, means
the principal amount if relating to evidences of indebtedness, the num­
ber of shares if relating to shares, and the number of units if relating
to any other kind of security.
"Certified." The term "certified", when used in regard to financial statements, means certified by an independent public or independent certified public account.

"Charter." The term "charter" includes articles of incorporation, articles of association, and any similar documents, as amended.

"Control." The term "control" (including the terms "controlling", "controlled by", and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise. (See Rule 520.)

"Director." The terms "director", "principal executive, financial and accounting officer", and "trustee", or any other words indicating the holder of a position or office, include persons, by whatever titles designated, whose duties are those ordinarily performed by holders of such positions or offices.

"Employee." The term "employee" does not include a director, trustee, or officer.

"Funded Debt." The term "funded debt" was reference only to indebtedness having a maturity at the time of its creation of more than one year, independent of acceleration.

"Instruments of Organization." The term "instruments of organization" means the declaration of trust, articles of association or partnership, or any other instrument providing for the organization or creation of an unincorporated person, as amended.

"Material." The term "material", when used to qualify a requirement for the furnishing of information as to any subject, limits the information required to those matters as to which an average prudent investor ought reasonably to be informed before purchasing the security registered.

"Parent." A "parent" of a specified person is an affiliate controlling such person directly, or indirectly through one or more intermediaries.

"Principal Underwriter." The term "principal underwriter" means an underwriter in privity of contract with the issuer of the securities as to which he is underwriter, the term "issuer" having the meaning given in Sections 2(4) and 2(11) of the Act.

"Registrant." The term "registrant" means the issuer of the securities for which the registration statement is filed.

"Share." The term "share" means a share of stock in a corporation or a unit of interest in an unincorporated person.

"Subsidiary." A "subsidiary" of a specified person is an affiliate controlled by such person directly, or indirectly through one or more intermediaries.
"Voting power." The term "voting power" means the right, other than as affected by events of default, to vote or, by virtue of beneficial ownership of securities or otherwise, to direct votes for the election of directors.

b. General Requirements as to Contents

Rule 500. Clarity.

All answers shall be so worded as to be intelligible without the necessity of referring to the instruction book accompanying the particular form or to the General Rules and Regulations.

Rule 501. Forms and Instructions Relate to Registrant.

The forms and instructions require information only as to the registrant, unless the context clearly shows otherwise.

Rule 502. Information Unknown to Registrant.

Information required need be given only in so far as known or reasonably available to the registrant. If any required information is unknown and not reasonably available to the registrant, either because the obtaining thereof would involve unreasonable effort or expense or because it rests peculiarly within the knowledge of another person neither controlling, controlled by, nor under common control with the registrant, such information may be omitted, subject to the following conditions:

(a) The registrant shall give such information on the subject as it possesses or can acquire without unreasonable effort or expense, together with the sources thereof, and may include a disclaimer of responsibility for the accuracy or completeness thereof; and

(b) As to all information omitted, the registrant shall include a statement either showing that unreasonable effort or expense would be involved, or indicating the absence of any relationship of control with the person whose knowledge the information rests and stating the result of a request made to such person for such information.

Rule 503. Statement Required Where Item is Inapplicable or Where Answer is "None".

Except as specifically provided otherwise, if any item is inapplicable, or the answer is "none", a statement to such effect shall be made.

Rule 504. Words Relating to Periods of Time in the Past.

Unless the context clearly shows otherwise, whenever any fixed period of time in the past is indicated, such period shall be computed from the date of filing of the registration statement, as determined by Sections 6(c) and 8(a) of the Act and the rules and regulations of the Commission.
Rule 505. Words Relating to the Future.

Unless the context clearly shows otherwise, whenever words relate to the future, they have reference solely to present intention.

Rule 506. Summaries or Outlines of Documents.

Where a summary or outline of the provisions of any document is required, the answer shall be brief. It is not intended in such case that a statement shall be made as to all the provisions of the document, but only, in succinct and condensed form, as to the most important thereof. In addition to such statement as to important provisions, the answer may incorporate by reference particular items, sections or paragraphs of any exhibit and may be qualified in its entirety by such reference.

Rule 520. Disclaimer of Control.

If the existence of control is open to reasonable doubt in any instance, the registrant may disclaim the existence of control and any admission thereof; in such case, however, the registrant shall state the material facts pertinent to the possible existence of control.

Rule 521. "Title of Issue".

Where the "Title of Issue" is required to be furnished in any part of a registration statement, the following requirements shall be met:

(a) In the case of shares, there shall be given the full designation of the class of shares, and, if not included therein, the rate of dividends, if fixed, and whether cumulative or non-cumulative.

(b) In the case of funded debt, there shall be given the full designation of the issue, and, if not included therein, the rate of interest and the date of maturity. If the issue matures serially, a brief indication shall be given of the serial maturities, for example, "maturing serially from 1930 to 1940". The word "income" shall be added to the designation of "income" bonds, debentures, or notes.

(c) In the case of any other security, a similar designation shall be given.

c. Incorporation by Reference

Rule 560. Incorporation of Matter in Registration Statement, other than Exhibits, as Answer to Item.

Matter contained in any part of the registration statement other than exhibits may be incorporated by reference as answer, or partial answer, to any item in the statement.
Rule 561. Incorporation of Exhibit as Answer to Item.

A reference to an exhibit will not suffice as an answer to an item in the registration statement, except to the extent provided in Rule 508.

Rule 562. Incorporation of Exhibit Previously or Concurrently Filed, as Exhibit to New Registration Statement.

(a) Any exhibit or part thereof previously or concurrently filed with the Commission pursuant to any Act administered by the Commission may be incorporated by reference as an exhibit to any registration statement.

(b) If any modification has occurred in the text of any exhibit incorporated by reference since the filing thereof, the registrant shall file with the reference a statement containing the text of any such modification and the date thereof.

(c) If the number of copies of any exhibit previously or concurrently filed with the Commission is less than the number required to be filed with the registration statement which incorporates such exhibit, the registrant shall file with the registration statement as many additional copies of the exhibit as may be necessary to meet the requirements of such statement.

Rule 563. Incorporation of Financial Statements Previously or Concurrently Filed.

Any financial statement or part thereof previously or concurrently filed with the Commission pursuant to any Act administered by the Commission may be incorporated by reference in any registration statement, if it substantially conforms to the requirements of the form on which such registration statement is filed.

Rule 564. Filing of Written Consents to Use of Incorporated Material.

If the Act or the rules and regulations of the Commission require the filing of written consent to the use of any material in connection with the registration statement, such consent shall be filed with the registration statement even though the material is incorporated therein by reference.

Rule 565. Identification of Material Incorporated; Form of Incorporation.

In each case of incorporation by reference, the matter incorporated shall be clearly identified in the reference. An express statement shall be made to the effect that the specified matter is incorporated in the registration statement at the particular place where the information is required.
Rule 566. Incorporation by Reference of Withdrawn or Contested Material.

Notwithstanding any particular provision permitting incorporation by reference, no registration statement shall incorporate by reference any exhibit or financial statement which has been withdrawn or which is contained in a registration statement subject, at the time of filing the subsequent registration statement, to pending proceedings under Section 8(b) or 8(d) or to an order entered under either of those sections.

Rule 567. Incorporation by Reference Rendering Registration Statement Incomplete, Unclear or Confusing.

Notwithstanding any particular provision permitting incorporation by reference, the Commission may refuse to permit such incorporation in any case in which in its judgment such incorporation would render the registration statement incomplete, unclear, or confusing.


Public disclosure will not be made of the provisions of any material contract or portion thereof if the Commission determines that such disclosure would impair the value of the contract and is not necessary for the protection of investors. In any case where the registrant desires the Commission to make such a determination, the procedure set forth below shall be followed:

(a) The registrant shall omit from the registration statement as originally filed any reference to or copy of the portion of the contract which it desires to keep undisclosed, or, if the registrant desires to keep the entire contract undisclosed, any reference to or copy of the contract.

(b) The registrant shall file with the registration statement, but not bound as part thereof, (i) three copies of the contract or portion thereof which it desires to keep undisclosed, clearly marked "Confidential", and (ii) an application for an order making the above described determination. Such applications shall set forth the considerations relied upon for obtaining such order.

(c) Pending the granting or denial by the Commission of an application filed in accordance with paragraph (b), the terms and existence of the contract or portion thereof will be kept undisclosed.

(d) If the Commission determines that the application shall be granted, an order to that effect will be entered.

(e) Prior to any determination denying the application, confirmed telegraphic notice of an opportunity for hearing, at a specified time within ten days after the dispatch of such notice, will be sent to the agent for service.

(f) If after such hearing the Commission determines that the application shall be granted, an order to that effect will be entered.
(g) If after such hearing the Commission denies the application, confirmed telegraphic notice of the order of denial will be sent to the agent for service. In such case, within ten days after the dispatch of such notice, the registrant shall have the right to withdraw the registration statement in accordance with the terms of Rule 900, but without the necessity of stating any grounds for the withdrawal or of obtaining the further assent of the Commission. In the event of such withdrawal, the contract or portion thereof filed confidentially will be returned to the registrant.

(h) If the registration statement is not withdrawn pursuant to paragraph (g), the contract or portion thereof filed confidentially will be made available for public inspection as part of the registration statement and the registrant shall amend the registration statement to include all information required to be set forth in regard to such contract or portion thereof.

Rule 650. Qualifications of Accountants.

(a) The Commission will not recognize any person as a certified accountant who is not duly registered and in good standing as a certified public accountant under the accounting laws of the state, territory or country of his residence or principal office. The Commission will not recognize any person as a public accountant who is not in good standing and entitled to practice as such under the laws of the state, territory or country of his residence or principal office.

(b) The Commission will not recognize any certified accountant or public accountant as independent who is not in fact independent. An accountant will not be considered independent with respect to any person in whom he has any substantial interest, direct or indirect, or with whom he is connected as an officer, employee, promoter, underwriter, trustee, partner, director, or person performing similar functions.

Rule 651. Certification by Accountants.

The certificate of the accountant or accountants shall be dated, shall be reasonably comprehensive as to the scope of the audit made, and shall state clearly the opinion of the accountant or accountants in respect of the financial statements of, and the accounting principles and procedures followed by, the person or persons whose statements are furnished. In certifying to the financial statements, independent public or independent certified public accountants may give due weight to an internal system of audit regularly maintained by means of auditors employed on the registrant's own staff. In such case the independent accountants shall review the accounting procedures followed by the registrant and its subsidiaries and by appropriate measures shall satisfy themselves that such accounting procedures are in fact being followed. Nothing in this Rule shall be construed to imply authority for the omission of any procedure which independent public accountants would ordinarily employ in the course of a regular annual audit. The certificate of the accountant or accountants shall be applicable to the matter in the registration statement proper to which a reference is required in the financial statements.

If the registrant is a foreign governmental agency, the requirements of the appropriate form for registration as to certification by independent public or certified accountants may be satisfied by submitting financial statements certified by the regular and customary accounting and auditing staff of such government or agency thereof, when such certification is the customary and usual mode employed in preparing public financial statements upon the operations of such government, its departments or agencies.

g. Written Consents of Experts

Rule 670. Written Consents of Experts.

All consents of experts filed with the registration statement pursuant to Section 7 of the Act, except such consents as are contained in the respective reports of the experts, shall be attached after the signature page of the registration statement. A complete list of all consents contained in the respective reports and not attached after the signature page shall be appended after the attached consents.

Rule 671. Application to Dispense with Written Consent.

An application to the Commission to dispense with any written consent of an expert pursuant to Section 7 of the Act shall be made by the registrant and shall be supported by an affidavit or affidavits establishing that the obtaining of such consent is impracticable or involves undue hardship on the registrant. Such application shall be filed and consent of the Commission shall be obtained prior to the effective date of the registration statement.

h. Exhibits

Rule 680. Additional Exhibits.

The registrant may file such exhibits as it may desire, in addition to those required by the registration form or the accompanying instruction book. Such exhibits shall be so marked as to indicate clearly the items to which they refer.


In any case where two or more indentures, contracts, franchises, patents or other documents required to be filed as exhibits are substantially identical in all material respects except as to the parties thereto, the dates of execution, or other details, the registrant need file a copy of only one of such documents, with a schedule identifying the other documents omitted and setting forth the material details in which such documents differ from the document of which a copy is filed; provided, however, that the Commission may at any time in its discretion require the filing of copies of any documents so omitted.
Rule 720. Powers of Agent for Service Named in Registration Statement.

Every registrant and all persons signing the registration statement, by naming an agent for service in the registration statement, shall be deemed, in the absence of a statement to the contrary, to confer upon such agent the following powers:

(a) a power to amend the registration statement by altering the date of the proposed offering of the securities for which the registration statement is filed;

(b) a power to amend the registration statement by filing any written consent of an expert required by Section 7 of the Act to be filed with the registration statement;

(c) a power to make application pursuant to Rule 945 for the Commission's consent to the filing of an amendment;

(d) a power to withdraw the registration statement or any amendment thereto; and

(b) a power to consent to the entry of an order under Section 3(b) of the Act, waiving notice and hearing, such order being entered without prejudice to the right of the registrant thereafter to have the order vacated upon a showing to the Commission that the registration statement as amended is no longer incomplete or inaccurate on its face in any material respect.

Article 4. Prospectuses

a. General Requirements as to Prospectuses

Rule 800. Filing of Prospectuses; Number of Copies.

(a) Five copies of the form or forms of prospectus proposed to be used upon the commencement of the public offering of a security shall be filed as part of the registration statement at the time the statement is filed.

(b) Within five days after the commencement of the public offering, twenty copies of each form of prospectus used in connection with such offering shall be filed with the Commission in the exact form used.

(c) No prospectus which purports to comply with Section 10 and which varies from any form of prospectus filed pursuant to paragraph (b) of this Rule shall be used until twenty copies thereof shall have been filed with the Commission.

(d) Every prospectus consisting of a radio broadcast shall be reduced to writing. The user of such prospectus shall file five copies thereof with the Commission at least five days before the prospectus is broadcast or otherwise issued to the public.
Rule 801. Reconciliation and Tie.

The registrant shall file for each form of prospectus five copies of a complete reconciliation and tie of all data shown in the prospectus with the data shown in the registration statement.

b. Contents of Prospectuses

Rule 821. Condensation; Order of Information; Incorporation by Reference.

(a) The information set forth in a prospectus, except as to financial statements required to be furnished, may be expressed in condensed or summarized form. The information need not follow the numerical sequence of the items of information in the registration statement.

(b) Where matter contained in exhibits is permitted to be incorporated by reference in the answer to an item in the registration statement, a similar incorporation by reference may be made in the prospectus.

Rule 822. Financial Statements Included in Prospectus.

Financial statements included in a prospectus should be set forth in comparative form, if practicable, and shall include the accountant’s certificate.

Rule 823. Legibility of Prospectus.

(a) The body of any printed prospectus other than a newspaper prospectus shall be in type at least as legible as ten point leaded type.

(b) All information required to be included in any prospectus shall be placed in a conspicuous part thereof, in type as large as that used generally in the body of the prospectus.

Rule 824. Date of Issue of Prospectus.

Each prospectus shall state in a conspicuous place the approximate date on which it is to be issued.

Rule 825. Statement Required in All Prospectuses.

There shall be placed on the front page of every prospectus, in conspicuous print, the following three paragraphs, with the first and third paragraphs in capital letters:

"THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION.

(insert name of issuer) has registered the securities by filing certain information with the Commission. The Commission has not passed on the merits of any securities registered with it.

"IT IS A CRIMINAL OFFENSE TO REPRESENT THAT THE COMMISSION HAS APPROVED THESE SECURITIES OR HAS MADE ANY FINDING THAT THE STATEMENTS IN THIS PROSPECTUS OR IN THE REGISTRATION STATEMENT ARE CORRECT."
Rule 826. Statement Required in Prospectuses Omitting Information Contained in Registration Statement.

In any case in which a prospectus for a security registered otherwise than on Form A-2 omits information which is contained in the registration statement, the prospectus shall contain, in type as legible as that used generally in the body of the prospectus, the following statement:

"This prospectus omits certain of the information contained in the registration statement filed with the Securities and Exchange Commission. Items of information which are thus omitted may be obtained from the Securities and Exchange Commission upon payment of the fee prescribed by the Rules and Regulations of the Commission."

Rule 830. Omissions from Prospectuses for Securities Registered on Form A-1.

In the case of a security registered on Form A-1, information in respect of the following, contained in the registration statement, may be omitted from any prospectus: Items 9; 17; 13; 23, except as to the issue or issues for which the registration statement is filed; 33; 29, except information as of a date within twenty days concerning persons owning more than ten per cent of any class of voting stock of the issuer; 31, except as to principal underwriters; 30; 37; 40; 48; 49; 52, except that the number of subsidiaries and affiliates shall be stated; all supporting schedules to balance sheets and profit and loss statements; all financial statements and schedules of any unconsolidated subsidiary the total assets of which, as shown by its latest balance sheet filed with the registration statement, amount to less than fifteen per cent of the total assets of the registrant and its consolidated subsidiaries as shown by the latest consolidated balance sheet filed with the registration statement; and all exhibits.

Rule 831. Omissions from Prospectuses for Securities Issued by a Foreign Government or Political Subdivision Thereof.

In the case of a security for which a registration statement conforming to Schedule B is in effect, the following information, contained in the registration statement, may be omitted from any prospectus: Information in answer to paragraph (3) of the Schedule with respect to the amortization and retirement provisions for debt not being registered, and with respect to the provisions for the substitution of security for such debt; information in answer to paragraph (11); the copy of any agreement or agreements required by paragraph (13); the agreement required by paragraph (14); all information, whether contained in the registration statement itself or in any exhibit thereto, not required by Schedule B.

Rule 832. Omissions from Prospectuses for Securities Registered on Form C-1.

In the case of a security registered on Form C-1, information in respect of the following, contained in the registration statement, may be omitted from any prospectus: Items 4; 5; 7; 8; 9; 10; 18; 19; 33; 34; 37; 44; 45;
Rule 833. Omissions from Prospectuses for Securities Registered on Form D-1.

In the case of a security registered on Form D-1, information in respect of the following, contained in the registration statement, may be omitted from any prospectus: In Part I, Items 4, 15, 39 and all exhibits except financial statements filed in compliance with Items 14 and 15; in Part II, Item 44 and all exhibits.

Rule 834. Omission from Prospectuses for Securities Registered on Form D-1A.

In the case of a security registered on Form D-1A, information in respect of the following, contained in the registration statement, may be omitted from any prospectus: All exhibits and all information contained in Schedules, on condition that copies of each of the Schedules attached to the registration statement are included.

Rule 835. Omissions from Prospectuses for Securities Registered on Form E-1.

(a) In the case of a security registered on Form E-1, information in respect of the following, contained in the registration statement, may be omitted from any prospectus:

   1. Facing Sheet;

   2. Calculation of the registration fee;

   3. Items 4; 11 and 12, except as to securities to be exchanged for new securities under the plan; 13 and 14, except as to securities registered hereunder, and except as to stock of any class; 16; 17; 22; 24 (a); 26; 27; 39; 40; 41; 42; 43; 45; 46; 47; any item not set forth above as to which the answer is in the negative;

   4. Signatures;

   5. Exhibits A to K, inclusive; the supplementary, earlier balance sheets required under Exhibits L, N, P, R, T, and W; Exhibits M, O, Q, U and X, including all statements of predecessors who are such under paragraph (2) of definition number 19 in the form (except the most recent profit and loss statement of the predecessor most recently owner of each item or group of property), but excepting the profit and loss statements for the latest fiscal year and any subsequent period of the registrant, all guarantors, and all predecessors who are such under paragraph (1) of definition number 19 in the form; the consolidated financial statements of the registrant and the financial statements of subsidiaries required under Exhibit V; all supplemental schedules; any schedules or statements submitted in lieu of any of the balance sheets or profit and loss statements which may be omitted from the prospectus under this rule.
(b) Notwithstanding any of the foregoing provisions, before or at the time of the delivery of securities registered on Form E-1, there shall be delivered to the persons intended to receive such securities a prospectus containing such information as would have been required in the registration statement under the following items if the statement had originally been filed so as to become effective not more than twenty days prior to the date of the commencement of the delivery: 8, 10, 13-15, 18, 19, 21, 23, 24, 28 (a), 29 (a), 30-37, 44 (a)-(e). Such information need be included in this prospectus, however, only in so far as it differs from that given in a previous prospectus used in connection with the registration on this form. It may be expressed in a condensed or summarized form. Twenty copies of any prospectus purporting to comply with this paragraph must be filed as an amendment to the registration statement.

Rule 836. Omissions from Prospectuses for Securities Registered on Form F-1.

In the case of a security registered on Form F-1, information in respect of the following, contained in the registration statement, may be omitted from any prospectus: Items 3; 28; 27; and all exhibits.

Rule 837. Omissions from Prospectuses for Securities Registered on Form G-1.

In the case of a security registered on Form G-1, information in respect of the following, contained in the registration statement, may be omitted from any prospectus: Item 33 and Exhibits B, C and D.

Rule 838. Omissions from Prospectuses for Securities Registered on Form G-2.

In the case of a security registered on Form G-2, information in respect of the following, contained in the registration statement, may be omitted from any prospectus: Item 16 and Exhibits B, C and D.

Rule 850. Contents of Prospectus Used More Than Thirteen Months After Effective Date of Registration Statement.

(a) Information contained in a registration statement may be omitted from a prospectus used more than thirteen months after the effective date of the registration statement in so far as information on the same subjects but as of a date not more than twelve months prior to the use of the prospectus is contained therein.

(b) No amendment of the registration statement need be made in connection with the omission of information pursuant to paragraph (a) of this Rule, but twenty copies of the prospectus proposed to be used shall be filed with the Commission pursuant to Rule 800 (c).
Rule 851. Contents of Prospectus When Several Registration Statements In Effect.

When two or more registration statements become effective for different blocks of the same class of security, a prospectus which meets the requirements of the Act and of the rules and regulations of the Commission for use in connection with units of that block of the security which is covered by the latest effective registration statement will be deemed to meet such requirements for use in connection with units of blocks of the security covered by earlier effective registration statements, provided that:

(a) If the statements used in the registration of the several blocks of securities were filed on Form A-1, the prospectus shall contain in addition the following items of information from the registration statements covering the blocks earlier registered, except in so far as they are the same as the corresponding items in the latest registration statement, in which case that fact shall be stated: Items 25; 26; 30; 31, as to principal underwriters; 33; 34; 35; 39; 40; 41; 42; 43; 44; 45 and 48.

(b) If the statements used in the registration of the several blocks of securities were filed on Form C-1, the prospectus shall contain in addition the following items of information from the registration statements covering the blocks earlier registered, except in so far as they are the same as the corresponding items in the latest registration statement, in which case that fact shall be stated: Item 3 and 45.

(c) If the latest effective registration statement was filed on Form A-2, the prospectus shall contain in addition the following items of information from the registration statements covering the blocks earlier registered, except in so far as they are the same as the corresponding items in the latest registration statement, in which case that fact shall be stated: Items 24 and 22 from earlier registration statements on Form A-2; Items 29, 27, 30 and 34 from earlier registration statements on Form A-1.

Rule 880. Newspaper Advertisements Containing Invitations for Bids Pursuant to State Law.

If in order to satisfy the requirements of State law in effect since a time prior to June 1, 1935, it is necessary to advertise in more than five newspapers for bids in connection with an offering of a security of a public service company, any matter contained in the registration statement may be omitted from a newspaper prospectus in any of the newspapers in which such advertisement is required pursuant to such law, provided that such advertisement is an invitation for bids only, and states that, prior to acceptance of any bid, the bidder will be furnished with a copy of the official prospectus. In such case, the provisions of other rules or instructions of the Commission regarding newspaper prospectuses need not be complied with.
Article 5. Fees

Rule 900. Computation of Fee.

(a) At the time of filing a registration statement, the registrant shall pay to the Commission a fee of one one-hundredth of one per centum of the maximum aggregate price at which the securities are proposed to be offered, but in no case shall such fee be less than $25.

(b) Where securities are to be offered at prices computed upon the basis of fluctuating market prices, the "price at which the securities are proposed to be offered," upon which the registration fee is to be calculated, shall be based upon the price at which units of securities of the same class were or would have been sold on a specified date within fifteen days prior to the filing of the registration statement.

Rule 901. Payment of Fee.

All payments of fees shall be made in cash, or by United States postal money order or certified bank check payable to the Securities and Exchange Commission, omitting the name or title of any official of the Commission.

Article 6. Filing

Rule 920. Binding; Number of Copies.

Three copies of the complete registration statement shall be filed with the Commission. Each such copy shall be bound on the left-hand side in one or more parts, without stiff covers. The binding shall be made in such manner as to leave the reading matter legible. The two extra copies of the prospectus required to be filed with the registration statement pursuant to Rule 800(a) shall be individually bound.

Rule 921. Place of Filing.

(a) Subject to paragraph (b) of this Rule, the registration statement and all other papers required to be filed with the Commission shall be delivered through the mails or otherwise to the Securities and Exchange Commission, Washington, D. C.

(b) Notwithstanding the provisions of paragraph (a) of this Rule, a registration statement containing information substantially the same as that contained in an earlier registration statement filed with the Commission by the same issuer may be filed in any regional office of the Commission, provided that it is so filed within ninety days after the effective date of such earlier registration statement. No amendment to a registration statement shall be filed in any regional office.

Rule 922. Date of Filing.

The date on which any papers are actually received in the proper office of the Commission pursuant to Rule 921 shall be the date of filing thereof, if all the requirements of the Act and the rules with respect to such filing have been complied with, and the required fee paid. The failure to pay an insignificant amount of the required fee at the time of filing, as the result of a bona fide error, shall not be deemed to affect the date of filing.
Article 7. Effective Date

Rule 930. Calculation of Time.

The following rules shall govern the calculation of the effective date of a registration statement under Section 8(a):

(a) Sundays and holidays shall be counted in computing the effective date.

(b) In the case of statements which become effective pursuant to Section 8(a) on the twentieth day after the filing thereof, the twentieth day shall be determined by counting the next day after the date of filing as the first day.

(c) In the case of statements which become effective pursuant to Section 8(a) seven days after the filing thereof, the statements shall become effective on the seventh day after the filing, counting the next day after the date of filing as the first day.

Article 8. Amendments

Rule 940. Formal Requirements for Amendments.

(a) Amendments to the registration statement shall conform in all respects to Rules 412, 413, and 414 as to the formal requirements for papers filed with the Commission.

(b) Amendments shall be numbered consecutively in the order in which filed with the Commission.

Rule 941. Signatures to Amendments.

Subject to Rule 720, every amendment to a registration statement shall comply with the requirements of Section 9(a) of the Act as to signatures to the registration statement.

Rule 942. Filing of Amendments; Number of Copies.

Five copies of any amendment to the prospectus and three copies of any other amendment to the registration statement, except a telegraphic amendment pursuant to Rule 943, shall be filed with the Commission at its office in Washington, D. C.

Rule 943. Telegraphic Delaying Amendments.

An amendment altering the proposed date of the public offering may be made by the agent for service by telegram. In each case, such telegraphic amendment shall be confirmed within a reasonable time by the filing of three copies, one of which shall be signed by the agent for service. Such confirmation shall not be deemed an amendment.

Rule 944. Date of Filing of Amendments.

The date on which amendments are actually received by the Commission shall be the date of filing thereof, if all the requirements of the Act and the rules with respect to such filing have been complied with.
Rule 945. Effective Date of Amendment Filed under Section 8(a) with Consent of Commission.

A registrant desiring the Commission's consent to the filing of an amendment with the effect provided in Section 8(a) of the Act may apply for such consent at or before the time of filing the amendment. The application shall be signed by the registrant and shall state fully the grounds upon which made. The Commission's consent shall be deemed to have been given and the amendment shall be treated as part of the registration statement upon the entry of an order to that effect.

Rule 946. Effective Date of Amendment Filed under Section 8(a) Pursuant to Order of Commission.

An amendment made prior to the effective date of the registration statement shall be deemed to have been made pursuant to an order of the Commission within the meaning of Section 8(a) of the Act so as to be treated as part of the registration statement only when the Commission shall, after the filing of such amendment find that it has been filed pursuant to its order.

Article 9. Withdrawal

Rule 960. Withdrawal of Registration Statement or Amendment Thereto.

Any registration statement or any amendment thereto may be withdrawn upon the application of the registrant if the Commission, finding such withdrawal consistent with the public interest and the protection of investors, consents thereto. The application for such consent shall be signed by the registrant and shall state fully the grounds upon which made. The fee paid upon the filing of the registration statement will not be returned to the registrant. The papers comprising the registration statement or amendment thereto shall not be removed from the files of the Commission but shall be plainly marked with the date of the giving of such consent, and in the following manner: "Withdrawn upon the request of the Registrant, the Commission consenting thereto."

Article 10. Supplementary Statements as to Offering Price.

Rule 970. Supplementary Statement of Actual Offering Price.

The registrant shall file with the Commission within ten days after the security is actually offered to the public a statement setting forth the actual price at which the security was so offered. If such price differs from the proposed price set forth in the registration statement, a brief explanation of such difference shall be made.

Article 11. Registration of Additional Blocks of Securities Previously Registered.

Rule 980. Registration of Additional Blocks of Securities Previously Registered.

The registration of an additional block of a security for which a registration statement is already in effect shall be effected through a separate registration statement relating to the additional block.
EXHIBIT 1
APPENDIX II
FORM A-1

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

REGISTRATION STATEMENT
UNDER SECURITIES ACT OF 1933

NAME OF ISSUER:

ADDRESS OF ISSUER:

TYPE OF ISSUE:

AMOUNT OF OFFERING:

AMOUNT OF FEE:

DATE OF PROPOSED PUBLIC OFFERING:

NAME OF PRINCIPAL UNDERWRITERS:
The following questions, except as otherwise stated, apply to the issuer only and should be answered fully as far as the information is available. If the answer to any question is not available or known, so state and explain.

INFORMATION TO BE CONTAINED IN THE REGISTRATION STATEMENT

1. Exact name under which issuer is doing or intends to do business.

2. Principal business office:

   (Street).................................... (City).................................... (State)..........................

3. Character of business done, and intended to be done (describe briefly):

4. A list of the States where issuer owns property and/or where issuer is qualified to do business.

5. Length of time the issuer and/or its predecessor has been engaged in this business.

6. Name of State or other sovereign power under which issuer is organized or incorporated.

7. Date of organization or incorporation.................................................................

8. Address at which annual meetings are held:

   (Street).................................... (City).................................... (State)..........................

9. If the issuer is a foreign or territorial person, name and address of issuer's agent in the United States authorized to receive notice.

   (Name)................................................................. (Address)...........................................

10. Form or style of organization such as individual, corporation, partnership, etc.
11. If the issuer be a corporation, association, trust, or other entity, state which, and give the names and addresses of all persons, chosen or to be chosen, who are or will become the directors or persons performing similar functions, and the chief executive, financial, and accounting officers.

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Office held</th>
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</table>

12. If a partnership, so state, and give the name, address, and interest of each partner.

<table>
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<tr>
<th>Name</th>
<th>Address</th>
<th>Interest of each partner</th>
</tr>
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</table>

13. If the issuer is an organization formed within 2 years prior to the filing of this registration statement the names and addresses of the promoters.

<table>
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<tr>
<th>Name</th>
<th>Address</th>
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14. Frequency, nature, and scope of reports to stockholders.

15. Name and address of independent certified or public accountant, if any, preparing and certifying audits or examinations of issuer's accounts, together with scope, frequency, and regularity thereof.

16. For each class of capital stock outstanding, submit a schedule indicating, each year, for a period of at least 3 years, the following for the issuer and its predecessors:

- Nominal dividend rate (if any).
- Rates of dividends paid per share.
- Method of payment—in cash, in capital stock, or otherwise.
- If any dividends were paid in stock, the amount per share charged to surplus.
- The class or purported class of surplus from which paid, and the amounts, respectively, of the surplus account and dividends paid at the time of payment; accrued, unpaid dividends of each class of stock.
17. Statement of all litigation pending, if any, that may materially affect the value of the security to be offered, describing briefly the origin, nature, and name of parties to such litigation.

18. Details of each and every denial by any State regulatory body affecting the right to sell securities of the issuer.
19. Stock authorized and now outstanding, specifying separately each kind of each class of stock.

<table>
<thead>
<tr>
<th>Kind of capital stock</th>
<th>Number shares authorized</th>
<th>Number of shares now outstanding</th>
<th>Portion of capital stock paid up</th>
<th>Dividend rate (if any)</th>
<th>Par value per share (if any)</th>
<th>Stated value per share of no par</th>
<th>Total capital stock and paid-in surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

20. Stock to be issued under this registration, specifying separately each kind of each class of stock.

<table>
<thead>
<tr>
<th>Kind of capital stock</th>
<th>Dividend rate</th>
<th>Dividend date (if any)</th>
<th>Number of shares authorised</th>
<th>Shares to be issued</th>
<th>Par value per share (if any)</th>
<th>Stated value per share if no par</th>
<th>Price per share at which present issue is to be offered to the public</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

21. The following information in connection with bonds or funded debt:

### ALREADY OUTSTANDING

<table>
<thead>
<tr>
<th>Character of debt</th>
<th>Amount authorised</th>
<th>Date of issue</th>
<th>Date of maturity</th>
<th>Interest rate</th>
<th>Amount outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(a) With public</td>
<td>(i) In sinking and other funds</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>(ii) In treasury</td>
</tr>
</tbody>
</table>

### TO BE ISSUED UNDER THIS REGISTRATION

<table>
<thead>
<tr>
<th>Character of debt</th>
<th>Amount authorised</th>
<th>Date of issue</th>
<th>Date of maturity</th>
<th>Interest rate</th>
<th>Principal amount to be offered under this registration</th>
<th>Proposed price per unit at which to be offered to the public</th>
</tr>
</thead>
</table>
22. If the indenture or indentures under which the bonds or funded debt above referred to permits the issuance of additional bonds or funded debt thereunder, state the provisions thereof.

23. As to each issue described under 21, a statement of the character of amortization provisions relating thereto and of the security, if any, therefor, and of the respective priorities and rights as to principal and interest and of the retirement provisions.

24. If substitution of any security for the funded debt listed above be permitted, a summarized statement of the conditions under which substitution is permitted; if substitution is permissible without notice, a specific statement to that effect.

25. A statement of the securities, if any, covered by options outstanding or to be created in connection with the issue covered by this registration, together with the prices and other terms on which such options are granted, the number and par value, or stated value, if no par, of such shares, bonds, or other securities covered by each set of options, and a list of the names and addresses of all persons, if any, to be allotted more than 10 per centum of any such set of options.
26. Estimated net proceeds to be raised by sale of this issue $......................
and
Estimated amount to be raised from other sources, naming sources and amounts
to be raised from each .................................................................

Total of both classes .................................................................

27. A detailed statement of the specific purposes and the approximate amount devoted to each purpose,
so far as determinable, for which the funds set out in 26 are to be used.

28. The following information for all persons, if any, owning of record and/or beneficially, if known, more
than 10 percent of any class of stock of the issuer, or more than 10 percent in the aggregate of the outstanding
stock of the issuer, as of a date within 20 days prior to the filing of this registration statement; if no person
owns more than 10 percent in the aggregate of the outstanding stock of the issuer, then the following informa-
tion for the 10 largest stockholders of record and/or beneficially, if known.

<table>
<thead>
<tr>
<th>Class of stock</th>
<th>Owner as of record—name and address</th>
<th>Beneficial owner (if known)—name and address</th>
<th>Percent of total shares outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
29. A statement by issues, showing the kinds and amounts of issuer's outstanding securities held by each director or person performing similar functions, chief executive, financial and accounting officer, partner, underwriter, promoter, in case of a business to be formed or formed within 2 years prior to the filing of the registration statement, and by each person named in 28 above, if other than those named herein, and the amount of the securities for which this registration statement is filed for which such persons have indicated their intention to subscribe,

**AS OF A DATE WITHIN 20 DAYS PRIOR TO FILING OF REGISTRATION**

<table>
<thead>
<tr>
<th>NAME OF OFFICER, PARTNER, ETC.</th>
<th>POSITION WITHIN ORGANIZATION</th>
<th>SECURITIES ALREADY OUTSTANDING</th>
<th>Securities to be issued under this registration for which such persons have indicated their intention to subscribe</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Kind of security owned</td>
<td>Shares (if capital stock)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Shares (if stock)</td>
<td>Amount (par, principal amount, or stated value)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Shares (if stock)</td>
<td>Amount (par, principal amount, or stated value)</td>
</tr>
</tbody>
</table>
30. The nature of the consideration given, or to be given, for the securities to be issued under this registration for which the persons named in the answer to the question next above have indicated their intention to subscribe.
31. The name and address of each underwriter of this issue.

32. The name of any such underwriter that is controlled by, or controls, or is under common control with the issuer.

33. The price per unit, if known, at which each security is to be sold to each underwriter; if not known, the method by which such price is to be computed.

34. Price per unit at which the security is proposed to be offered to the public; if not a fixed price, the method by which the price is to be computed.

35. A list of the persons or classes of persons (other than the underwriters as such) to whom securities are proposed to be offered at prices varying from the price at which the securities are proposed to be offered to the general public, naming such persons or specifying each class, and the price to each.

36. A detailed list showing, in respect of each and every underwriter of the issue registered hereby, the amount underwritten and all commissions or discounts to be paid, directly or indirectly, by the issuer in respect of the sale of the security to be offered.
37. An itemized statement showing the amounts of expenses other than those listed under 36 above incurred or to be incurred by or for the account of the issuer, or chargeable to or borne by the issuer, in connection with the sale of the security to be offered, including legal, accounting, engineering, certification, authentication, and other expenses and charges (estimating where items are not known and stating definitely which amounts are estimated).

38. A statement containing the following information in regard to each security of the issuer and/or its predecessors and/or its subsidiaries sold to the public by the issuer within 2 years preceding the filing of this registration statement.

<p>| STOCKS |
|---|---|---|---|---|---|</p>
<table>
<thead>
<tr>
<th>Kind of stock</th>
<th>Annual dividend rate (if specified)</th>
<th>Total number shares sold</th>
<th>Total par or stated value</th>
<th>Price per share to the public</th>
<th>Net proceeds realized from sale</th>
<th>Names of principal underwriters</th>
</tr>
</thead>
</table>
39. The name and address of each promoter to whom any amount has been paid within 2 years preceding the filing of the registration statement, or to whom any amount is intended to be paid, together with the amount thereof in each instance, and the consideration for each such payment, and insofar as not listed above, the name and address of each promoter in the case of a business to be formed or formed within 2 years prior to the registration statement.

40. If all or any part of the proceeds of the security to be issued is to be used for the purchase of any property, real or personal, tangible or intangible, including goodwill and going-concern value, acquired or to be acquired, not in the ordinary course of doing business, a description of each item of such property.
41. A statement of the amount to be paid in connection with such purchase itemized as follows, insofar as known:

Amount to be paid for tangible property.

Amount to be paid for goodwill and going-concern value.

Amount to be paid for other intangibles.

Commissions paid or to be paid in connection with such purchase.

Cost of borrowing money.

Any other expense (itemize) which is incurred or to be incurred in connection with the purchase. $__________________

Total purchase price, commissions, and expenses. ..............................................................

42. The names and addresses of the vendors from whom each such property and/or goodwill has been or is to be purchased, identifying the vendor and the purchase.

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Property</th>
</tr>
</thead>
</table>
43. The names and addresses of all persons listed in the answers to whom commissions were paid or are to be paid, directly or indirectly, in connection with the purchases listed in the answer to the three questions next above, together with the amount of commissions paid or to be paid to each and the consideration for which such commissions are paid or to be paid:

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Amount of commission paid or to be paid</th>
<th>Consideration for which such commissions were paid or are to be paid</th>
</tr>
</thead>
</table>

44. A list of any of such properties purchased from an affiliate directly or through one or more intermediaries, together with the cost of each such property to the affiliated company, if known, and, where such cost is different from the cost to the issuer, a detailed explanation thereof.

45. Full particulars of the nature and extent of the interest, if any, of every director, principal executive officer, underwriter, and of every stockholder named in 28 on page 8, in any property acquired or proposed to be acquired, not in the ordinary course of business of the issuer, within 2 years preceding the filing of this registration statement.
46. Dates of and parties to, and the general effect concisely stated of every material contract not made in the ordinary course of business, which is to be executed in whole or in part at or after the filing of the registration statement or which contract has been made not more than 2 years before such filing.1

47. Give the information required below concerning the remuneration for services paid and to be paid by the issuer, its subsidiaries or its predecessors, directly or indirectly, to the following officials of the issuer and to other persons in all their capacities who receive any such remuneration from the issuer:

(a) Each director, if the issuer be a corporation or association;

(b) Each trustee, if the issuer be a trust;

(c) Each partner, if the issuer be a partnership;

(d) Each officer or person whose aggregate remuneration has exceeded or is to exceed in value $25,000 during the past or ensuing year.

<table>
<thead>
<tr>
<th>Name</th>
<th>Capacity in Which Remuneration Was or Is to Be Received</th>
<th>Remuneration From All Above Sources, Indicate Method of Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>During the issuer's past fiscal year</td>
</tr>
</tbody>
</table>

1 The act includes in the definition of a material contract: "Any management contract or contract providing for special bonuses or profit-sharing arrangements, and every material patent or contract for a material patent right, and every contract by or with a public utility company or an affiliate thereof, providing for the giving or receiving of technical or financial advice or service (if such contract may involve a charge to any party thereto at a rate in excess of $2,500 per year in cash or securities or anything else of value), shall be deemed a material contract."
48. A list of the names and addresses of counsel who have passed on the legality of the issue proposed under this registration statement.

49. The name and address of the person who is authorized to receive service and notice of all notices, orders, communications, and other documents which may be issued by the Securities and Exchange Commission in connection with this registration statement.

50. If any statement contained herein purporting to have been prepared by an expert has been prepared by a person who has any interest in or is to receive an interest in the issuer as a payment for such statement, or has been or is employed by the issuer or a subsidiary or affiliate thereof, or has been employed upon a contingent basis, a full explanation of the circumstances.

51. If the proceeds or any part of the proceeds of the security to be issued under this registration is to be applied, directly or indirectly, to the purchase of any business, submit a profit and loss statement of such business certified by an independent certified or independent public accountant for the 3 preceding fiscal years. The profit and loss statement shall be submitted approximately in the form required for the issuer. There shall also be submitted a balance sheet of such business, similarly certified, as of a date not more than 90 days prior to the filing of the registration statement or as of the date such business was acquired by the issuer, if the business was acquired by the issuer more than 90 days prior to the filing of this registration statement. This statement shall be submitted in approximately the same form as required for the issuer. If for any reason it is impossible to present such profit and loss statements or balance sheet, explain fully the circumstances.
52. Furnish complete lists of the following:

(a) All subsidiaries of the issuer. Indent by the same space from the left margin all subsidiaries of the same degree of remoteness from the issuer, commencing with the immediate subsidiaries, further indenting each class of more remote subsidiaries, and placing each subsidiary under the person or persons immediately controlling it, and after each subsidiary state what percentage, if any, of voting power is represented by securities owned by such immediately controlling person or persons.

(b) All parents of the issuer. Indent by the same space from the left margin all parents of the same degree of remoteness from the issuer, commencing with the most remote, further indenting each class of less remote persons, and placing each person under the person or persons immediately controlling it. Include the issuer in the list to show its relationship to the persons controlling it. After each person, state what percentage, if any, of voting power is represented by securities owned by the immediately controlling person or persons.

Where any person listed is immediately controlled by or through two or more persons jointly, list all such persons and list the controlled person under each of them, indicating its status by appropriate cross references.

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1 The information required by this item may, at the option of the issuer, be furnished in graphic form by a chart or diagram on sheets folded to the size of the standard registration paper, or graphic exhibits may be employed as supplemental to the list to clarify particular relationships between the issuer and any companies required to be listed. If two or more sheets are used, the tie of each sheet to the others must be clearly indicated.
53. For the issue for which this registration is made and for each class of capital stock previously authorized and outstanding, describe the respective voting rights, preferences, conversion, exchange rights, rights to dividends, profits, capital of each class with respect to each other class, including the retirement and liquidation rights or values thereof.

The following exhibits shall be attached as a part of the registration statement. The issuer may file such other exhibits as it may desire, marking them so as to indicate clearly the questions or items to which they refer.

EXHIBIT "A."—A copy of the articles of incorporation, with all amendments thereof, if the issuer be a corporation, together with its existing bylaws or instruments corresponding thereto, whatever the name; a copy of all instruments by which a trust is created, declared, or is continuing, if the issuer be a trust; a copy of the articles of partnership or association and all other papers pertaining to its organization, including trust agreements, if the issuer be a partnership, unincorporated association, joint-stock company, or other form of organization.

EXHIBIT "B."—Copies of annual report since January 1, 1922, to stockholders, association members, or beneficiaries, setting forth type of information relating to the issuer furnished to its members.

EXHIBIT "C."—Certified orders to all State regulatory bodies by which any securities of issuer were or are denied the right to be sold and any subsequent orders of such bodies.

EXHIBIT "D."—A copy of the underlying agreements or indentures affecting, directly or indirectly, any securities offered or to be offered.

EXHIBIT "E."—A copy of any agreement or agreements (or if identical agreements are used, the forms thereof) made with any underwriter, including all contracts and agreements referred to in question 38 above.

EXHIBIT "F."—A copy of the opinion or opinions of counsel in respect to the legality of the issue, with an English translation thereof when in a foreign language.

EXHIBIT "G."—Specimens of each security of the issuer now outstanding and to be issued under the registration statement.

EXHIBIT "H."—Copies of other material documents referred to in answer to Question 46 above. If, however, more than 10 material patents, granted by the United States Patent Office, are referred to in answer to said question, a copy of any such material patent may be omitted if there is supplied in its place the United States Patent Office patent number thereof. If the answer to question 46 refers to any foreign patent in which the invention described is essentially the same as the invention described in any United States patent referred to in answer to that question, a copy of any such foreign patent may be omitted if there is supplied in its place the patent number thereof, the name of the country under which such patent is registered, and, as provided above, either a copy of such United States patent or the Patent Office patent number of such United States patent.
54. Submit a balance sheet of the registrant in approximately the following form as of a date within 90 days of the filing of the registration statement. If such balance sheet is not certified by an independent certified public accountant or an independent public accountant, there shall be submitted in addition a certified balance sheet as of a date within one year; provided, however, if the fiscal year of the registrant has ended within 90 days the certified balance sheet may be as of the end of the preceding fiscal year.

(Attention is called to the instructions pertaining to the following Balance Sheets requiring supplemental schedules and other information which shall be made a part of this registration statement).

### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Reference to Instruction number</th>
<th>103</th>
<th>102</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed Assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant, and equipment</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less reserves for depreciation and depletion</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Intangibles:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Franchises</td>
<td>3</td>
<td></td>
<td></td>
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<tr>
<td>Patents and trade marks</td>
<td>3</td>
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<tr>
<td>Good will</td>
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<tr>
<td>Organization expense</td>
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<tr>
<td>Other intangibles (specify)</td>
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<td></td>
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<tr>
<td>Total intangibles</td>
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<td></td>
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</tr>
<tr>
<td>Less reserves for depreciation or amortization</td>
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<tr>
<td>Net intangibles</td>
<td></td>
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<tr>
<td><strong>Investments:</strong></td>
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<tr>
<td>Securities of subsidiary and/or affiliated companies</td>
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<tr>
<td>Other investment securities</td>
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<tr>
<td>Indebtedness of subsidiary and/or affiliated companies, not current</td>
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<td></td>
</tr>
<tr>
<td>Other (state important items separately)</td>
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</tr>
<tr>
<td>Total investments</td>
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<td></td>
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</tr>
<tr>
<td>Less reserve for depreciation of investments</td>
<td>8</td>
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<td></td>
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<td>Net investments</td>
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<tr>
<td>ASSETS—Continued.</td>
<td>Reference to Instruction</td>
<td>193</td>
<td>193</td>
</tr>
<tr>
<td>-------------------------------------------------------</td>
<td>--------------------------</td>
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<tr>
<td><strong>CURRENT ASSETS:</strong></td>
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</tr>
<tr>
<td>Cash, on demand</td>
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<td>Cash, time deposits</td>
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<td>Call loans</td>
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<tr>
<td>Notes and accounts receivable:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Notes receivable (customers):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not yet due</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Past due</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable (customers):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not yet due</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Past due</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Other notes receivable</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other accounts receivable</td>
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<tr>
<td>Total notes and accounts receivable</td>
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<tr>
<td>Less reserve for doubtful notes and accounts</td>
<td></td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Net notes and accounts receivable</td>
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<tr>
<td><strong>INVENTORIES:</strong></td>
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<td>Materials and unfinished goods</td>
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<td>10</td>
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<td>Finished goods</td>
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<td><strong>OTHER CURRENT ASSETS:</strong></td>
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<tr>
<td>Marketable securities</td>
<td></td>
<td>11</td>
<td></td>
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<tr>
<td>Indebtedness of officers, directors, stockholders, and others</td>
<td></td>
<td>12</td>
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<tr>
<td>Indebtedness of subsidiary and/or affiliated companies, current</td>
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<td>13</td>
<td></td>
</tr>
<tr>
<td>Other current assets (specify)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total current assets</td>
<td></td>
<td></td>
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<tr>
<td><strong>DEFERRED CHARGES:</strong></td>
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<tr>
<td>Unamortized debt discount and expense</td>
<td></td>
<td>14</td>
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<tr>
<td>Stock discount and expense</td>
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<tr>
<td>Prepaid expenses</td>
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<tr>
<td>Other deferred charges (specify)</td>
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<td>Total deferred charges</td>
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<tr>
<td><strong>OTHER ASSETS:</strong></td>
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</tr>
<tr>
<td>Subscribers to capital stock</td>
<td></td>
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</tr>
<tr>
<td>Other (specify)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LIABILITIES, CAPITAL, AND SURPLUS</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>----------------------------------</td>
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<tr>
<td><strong>CAPITAL STOCK (LESS STOCK IN TREASURY):</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Preferred ................................................... 16</td>
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<tr>
<td>Common ..........................................................</td>
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<td></td>
</tr>
<tr>
<td>Other (specify) .............................................</td>
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<tr>
<td>Total capital stock .................................</td>
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<tr>
<td><strong>CAPITAL, IF AN INDIVIDUAL OR PARTNERSHIP</strong></td>
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<tr>
<td><strong>LONG-TERM DEBT (LESS IN TREASURY):</strong></td>
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<tr>
<td>Bonds ........................................................... 17</td>
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<tr>
<td>Mortgages .......................................................</td>
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<tr>
<td>Notes .............................................................</td>
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<tr>
<td>Indebtedness to subsidiaries and/or affiliated companies, not current 18</td>
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<tr>
<td>Other (specify) .............................................</td>
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<tr>
<td>Total long-term debt .................................</td>
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<tr>
<td><strong>CURRENT LIABILITIES:</strong></td>
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<tr>
<td>Notes payable (trade) .................................</td>
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<tr>
<td>Accounts payable (trade) .............................</td>
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<tr>
<td>Notes payable (banks) .................................</td>
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<tr>
<td>Serial bonds or mortgage installments falling due within 1 year 19</td>
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<tr>
<td>Accounts and notes payable to officers, stockholders, or employees 20</td>
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<tr>
<td>Accounts and notes payable to subsidiary and/or affiliated companies, current 21</td>
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<tr>
<td>Accounts due others ........................................</td>
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<td>Accrued liabilities ........................................</td>
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<td>Other current liabilities .............................</td>
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<tr>
<td>Total current liabilities .............................</td>
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<tr>
<td><strong>RESERVES (specify):</strong> ................................. 22</td>
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<tr>
<td>Surplus: Paid in surplus .................................. 23</td>
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<td></td>
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<tr>
<td>Capital surplus ............................................. 24</td>
<td></td>
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<tr>
<td>Unrealized appreciation arising from revaluation of capital assets 25</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Proportion of undistributed profits and/or surplus of subsidiaries (if accrued on books of issuer) 26</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earned surplus (or deficit) ............................ 27</td>
<td></td>
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<tr>
<td>Undivided profits (if a partnership) ............... 28</td>
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<tr>
<td>Total surplus ....................................................</td>
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<td></td>
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<tr>
<td>Total liabilities, capital and surplus ................</td>
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</tbody>
</table>
Note A.—Contingent liabilities should be shown at the foot of this statement, classified and with appropriate explanations. (See Instruction 27.)

Note B.—Statement should also be submitted showing securities reflected in the above statement borrowed or loaned by the issuer, indicating from or to whom borrowed or loaned, the amounts thereof, and whether any securities so borrowed have been pledged by the issuer, with detailed explanation thereof.

AUDITOR’S CERTIFICATE

Submit here the certification of the balance sheet and supporting schedules by an independent certified public accountant or an independent public accountant.
55. Submit approximately in the form below profit and loss statements of the registrant for the three fiscal years, year by year, preceding the date of the latest balance sheet filed and for the period, if any, between the close of the latest of such fiscal years and the date of such latest balance sheet. The profit and loss statements shall be certified up to the date of the latest certified balance sheet.

(Attention is called to the instructions pertaining to the following Profit and Loss Statements requiring supplemental schedules and other information which shall be made a part of this registration statement)

Profit and loss statement for years ended .................................................., and for the period ended ............................................................

<table>
<thead>
<tr>
<th>Profit and Loss Statement</th>
<th>Reference to Instruction number</th>
<th>1993</th>
<th>1993</th>
<th>1993</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME FROM TRADING, MANUFACTURING, OR EXTRACTING:</strong></td>
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<td></td>
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<tr>
<td>Gross sales (less returns and allowances)</td>
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<tr>
<td>Cost of goods sold (exclusive of expenses specifically set forth below)</td>
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<tr>
<td>Gross profit</td>
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<tr>
<td>Selling, general, and administrative expenses</td>
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<tr>
<td>Provision for doubtful accounts</td>
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<tr>
<td>Maintenance and repairs</td>
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<tr>
<td>Rents and royalties (classify)</td>
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<tr>
<td>Other expenses (classify)</td>
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<tr>
<td>Taxes (other than Federal or State income tax)</td>
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<tr>
<td>Provision for depreciation and depletion</td>
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<tr>
<td>Total cost of goods sold and expenses</td>
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<tr>
<td>Gross income from trading, manufacturing, or extracting</td>
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</tbody>
</table>

*These items to be shown unless the business of the issuer would be injured thereby, and in which case Instructions 1 and 2 would not apply.*
### Operating Income Other Than Trading, Manufacturing, or Extracting:

<table>
<thead>
<tr>
<th>Description</th>
<th>Reference to Instruction number</th>
<th>193</th>
<th>194</th>
<th>195</th>
<th>196</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td></td>
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<td></td>
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<tr>
<td>General and administrative expenses</td>
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<tr>
<td>Maintenance and repairs</td>
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<tr>
<td>Rents and royalties (classify)</td>
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<tr>
<td>Commissions and fees</td>
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<tr>
<td>Other operating expenses</td>
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<tr>
<td>Taxes (other than Federal or State income tax)</td>
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<tr>
<td>Provision for depreciation and depletion</td>
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<tr>
<td>Total expenses</td>
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<tr>
<td>Gross income other than trading, manufacturing, or extracting</td>
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</tbody>
</table>

### Income from Other Than Operations:

<table>
<thead>
<tr>
<th>Description</th>
<th>Reference to Instruction number</th>
<th>193</th>
<th>194</th>
<th>195</th>
<th>196</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends received from subsidiary and/or affiliated companies</td>
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<tr>
<td>Dividends received from others</td>
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<tr>
<td>Interest received on long term debt of subsidiary and/or affiliated companies</td>
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<tr>
<td>Interest received on long term debt of others</td>
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<tr>
<td>Interest received on notes and accounts of subsidiary and/or affiliated companies</td>
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<tr>
<td>Interest received on notes and accounts of others</td>
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<tr>
<td>Income from Other Than Operations—Continued.</td>
<td>Reference to Instruction number</td>
<td>192</td>
<td>193</td>
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<tr>
<td>Interest received from other sources (classify).</td>
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<tr>
<td>Commissions and fees received.</td>
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<tr>
<td>Profit on sale of securities.</td>
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<tr>
<td>Miscellaneous other income (classify).</td>
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<tr>
<td>Total other income.</td>
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<tr>
<td>Expenses in connection with income from other operations (specify).</td>
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<tr>
<td>Nonrecurring income:</td>
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<tr>
<td>Nonrecurring income (specify in detail).</td>
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<tr>
<td>Nonrecurring expenses and/or deductions (specify in detail).</td>
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<tr>
<td>Net nonrecurring income or expense.</td>
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<tr>
<td>Total gross income.</td>
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<tr>
<td>Deductions from Gross Income:</td>
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<tr>
<td>Interest on long term debt.</td>
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<tr>
<td>Interest on notes and accounts payable to subsidiary and/or affiliated companies.</td>
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<tr>
<td>Amortization of debt discount and expense.</td>
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<tr>
<td>Other deductions (specify).</td>
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<tr>
<td>Total deductions.</td>
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<tr>
<td>Net income before Federal and State income taxes.</td>
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<td></td>
<td>Reference to instruction number</td>
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<td>Federal and State income taxes</td>
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<tr>
<td>Net income</td>
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<tr>
<td><strong>EARNED SURPLUS</strong></td>
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<td>Balance beginning of period</td>
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<tr>
<td>Net income as above</td>
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<tr>
<td>Total</td>
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<tr>
<td><strong>DIVIDENDS PAID</strong></td>
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<td>On preferred stocks:</td>
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<td>In cash</td>
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<td>In stock</td>
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<tr>
<td>On common stocks:</td>
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<td>In cash</td>
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<td>In stock</td>
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<tr>
<td>Total dividends paid</td>
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<tr>
<td>Net</td>
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<tr>
<td>Other credits to earned surplus (specify in detail)</td>
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<tr>
<td>Total</td>
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<tr>
<td>Other charges to earned surplus (specify in detail)</td>
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<tr>
<td>Balance in earned surplus at end of year</td>
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</table>
Submit here the certification of the profit and loss statement for the period ending at the date of the latest certified balance sheet filed and for each period prior thereto by an independent certified public accountant or an independent public accountant.

56. Submit a consolidated balance sheet and profit and loss statement for the last fiscal year prior to the filing of this registration statement for which a consolidated balance sheet has been prepared in the form prepared by the issuer. State the guiding principle used by the issuer in consolidating accounts of companies and state the minimum percentage of control of any company included. For those companies which were excluded from the consolidated statement, but which are controlled, there should be submitted individual balance sheets and profit and loss statements for each such company for the same year.

Furnish a statement showing all eliminations of intercompany items and all intercompany eliminations as between companies shown in the consolidated totals.
INSTRUCTIONS PERTAINING TO BALANCE SHEETS OF ISSUER

Unless the text thereof otherwise implies, the data required hereunder shall be as of the last day of the fiscal year prior to the filing of the registration statement for which year a balance sheet has been prepared, and if such day is more than 90 days prior to the filing date of the registration statement, a balance sheet a date within 90 days prior thereto shall be submitted.

Reasonable care should be exercised in carrying out the instructions set forth below. If, however, the issuer is unable to give specific answers thereto or data in connection therewith is not available, a full explanation of the facts in connection therewith should be made.

Instruction 1. Property, plant, and equipment

A. Submit a schedule indicating the major classifications of the plant, property, and equipment account. In case it is not practicable to furnish the detailed information called for in this instruction from the organization of the issuer, furnish the data beginning with January 1, 1922, segregated as follows:

(a) Ledger value.
(b) Cost to issuer.
(c) Profits to affiliated interests included therein (if any). If profits of this nature are included in fixed assets, give full details thereof including a brief description of the property, the name of the affiliated interests from whom acquired and the cost of the property to such affiliated interests.
(d) Unrealized appreciation or write-down resulting from revaluations, reorganizations, mergers, or otherwise. If any such appreciation or write-down is included or excluded in fixed assets, a statement should be submitted showing the nature of the transaction giving rise to them, including (1) in case of appraisals: Dates of appraisals, the basis thereof, the name of the appraiser and a comparison of the previous ledger value and appraised value of the property; and (2) in the case of mergers, consolidations, reorganizations, etc., a comparison of the recorded values on the books of the respective vendors and vendees.
(e) Bond discount, commissions, and expense (if any) included therein other than that properly allocable thereto for the construction period.
(f) Stock discount, commissions, and expense, if included.

B. This schedule should not include intangible items such as franchises, patents and trade marks, goodwill, organization expense, etc., included separately in the balance sheet.

C. If any important item of the property of the issuer has been definitely abandoned and not written off, state the amount thereof; estimated, if not known.

D. Issuers owning mining, oil, and similar businesses which have incurred expenditures in development, stripping, drilling, and costs of a similar nature, and included same in cost of property, plant, and equipment, should set forth in a separate schedule the nature and amounts thereof and the basis of the extinguishment of such costs.

Instruction 2. Reserves for depreciation and depletion

A. State the depreciation and depletion rules followed by the issuer in the computation of the amount charged off for depreciation or depletion. There should be shown separately the amounts and classes of property subject to depreciation and depletion, the rates of depreciation or depletion used, and pertinent facts upon which said rates are based.

B. Submit a comparison of depreciation and depletion claimed to have been sustained for the purpose of Federal income taxes and the amounts accrued through charges to income and/or surplus. This information should be submitted for each and every year of fiscal period for which Federal income tax returns have been filed.

Instruction 3. Intangibles

A. Give a brief description of the nature of each class of intangibles.

B. Submit a comparative statement of the cost and ledger value of each class of intangible since January 1, 1922, and a complete explanation of the differences, if any.

C. Submit a statement of the nature and amount of each class of expense comprising organization expenses beginning with January 1, 1922.

Instruction 4. Reserves for depreciation or amortization of Intangibles

Submit a statement indicating the methods used in creating a reserve for depreciation or amortization of intangibles, the basis of accruals thereto, and rates of depreciation or amortization used.

This should be shown separately for each class of intangibles, together with the amounts of the reserve applicable to each such class beginning with January 1, 1922.
Instruction 5. Securities of subsidiaries and/or affiliated companies

A. Submit schedules indicating the holdings of the issuer in securities of subsidiary and affiliated companies.

1. (a) Names of subsidiary and affiliated companies.
   (b) For each security, a brief description; the number of shares of stock and the principal amount of bonds, notes, etc., held; the total shares of stocks and principal amount of bonds, notes, etc., outstanding; the ratio of each security held to the amount outstanding.

2. (a) Names of subsidiary and affiliated companies.
   (b) For each security, the ledger value thereof; the cost thereof; the difference between the cost and ledger value, if any; an explanation of the difference between cost and ledger value, if any; and the accounts in which such differences are now reflected, with the respective amounts thereof.

B. In the case of securities of affiliates acquired from affiliated interests, submit a statement showing the respective costs to the issuer and to each such affiliate. There should also be given a brief description of the transaction involved therein and the nature of the considerations given or received in each case.

C. For the purpose of these schedules, subsidiary and affiliated companies shall include companies directly or indirectly controlling or controlled by the issuer or under direct or indirect common control with the issuer.

D. Submit a statement of the amounts of securities of subsidiary and affiliated companies held by issuer which have been pledged to secure mortgages, notes, or any other indebtedness, with a brief statement of the facts with regard to such pledges.

E. If it is the practice of the issuer to accrue on its books a portion of the undistributed earnings of its subsidiaries, the amount thereof should be included under this heading and a schedule submitted showing the names of the subsidiaries and the amounts of earnings accrued with respect to each subsidiary.

Instruction 6. Other investment securities

A. Submit a schedule showing for each security the following (securities with an aggregate cost equal to 10 percent of the total cost of its investments may be described as miscellaneous securities without further detail and only their combined total cost and market value need be shown).

   Brief description.
   Number of shares of stock held.
   Principal amount of bonds, notes, etc., held.
   Cost.
   Ledger value.
   Market value at dates of balance sheets or nearest available date thereto, giving dates.

B. In the case of securities acquired from affiliated interests, submit a statement showing the respective costs to the issuer and to each such affiliate. There should also be given a brief description of the transaction involved therein and the nature of the considerations given or received in each case.

C. Submit a statement of the amounts of securities held by issuer which have been pledged to secure mortgages, notes, and any other indebtedness, with a brief statement of the facts with regard to such pledges.

Instruction 7. Indebtedness of subsidiary and/or affiliated companies, not current

Submit a statement showing the following:
   Names of debtor corporations.
   Amounts due therefrom.
   Brief description of the purpose of the creation of the indebtedness.
   Statement as to whether collateral is held by the issuer to secure said indebtedness, and the nature thereof.
   Rate of interest receivable on indebtedness.

For the purpose of these schedules, subsidiary and affiliated companies shall include companies directly or indirectly controlling or controlled by the issuer or under direct or indirect common control with the issuer.

As referred to herein, control means effective control through whatever means exercised.

Instruction 8. Reserve for depreciation of Investments

Explain the basis used in the creation of this reserve and name the contra accounts charged in its creation.

Instruction 9. Reserve for doubtful notes and accounts

State whether in the judgment of the issuer, all notes and accounts receivable known to be uncollectible have been charged off, and whether adequate reserves have been provided for doubtful notes and accounts.

Instruction 10. Materials and unfinished goods

State the basis used in the valuation of inventories. If profits to affiliated interests have not been eliminated, state the approximate amount thereof if unable to state the exact amount.

Instruction 11. Marketable securities

Include under this heading only securities held temporarily for resale; exclude securities held primarily for investment purposes. Explain in connection with this item, the basis of valuation. State the aggregate market value of each security as of the balance sheet dates.
Instruction 12. Indebtedness of officers, stockholders, and persons directly or indirectly controlling or controlled by the issuer and persons under direct or indirect common control with the issuer

Report the names and amount of indebtedness from each officer, stockholder, and persons directly or indirectly controlling or controlled by the issuer and persons under direct or indirect common control with the issuer in excess of $20,000, the purpose thereof, the rate of interest received thereon and a brief description of the collateral securing the indebtedness, if any, held by the issuer. If this item is not of a current nature, include under "Other assets."

Instruction 13. Indebtedness of subsidiary and/or affiliated companies, current

Submit similar information requested in instruction 7.

Instruction 14. Unamortized debt discount and expense

Submit a schedule stating the amounts of unamortized debt discount and expense applicable to each issue. State thereon the dates of issues and maturities of said obligations; the methods used in amortizing such discounts and expense.

Instruction 15. Other deferred charges

Set forth in a schedule the nature thereof and the provisions for amortization, if any.

Instruction 16. Capital stock

A. Submit a schedule stating for each class of stock authorized and/or issued, the following:
   Brief description.
   Par value per share.
   If no par value, give the stated or assigned value per share.
   Number of shares authorized with dates.
   Number of shares nominally issued.
   Number of shares reacquired and in Treasury.

B. For the period beginning January 1, 1922, furnish for such stock the following information:
   Net number of shares actually outstanding.
   Nature and amounts of consideration received.
   Commissions paid and to whom.
   Expenses of issue.
   Net proceeds of issue.
   Purpose of issue.
   Methods employed in disposition of stocks.
   If sales were made through subsidiary companies or affiliated interests, give full details of such transactions and indicate the respective amounts received by the issuer and its subsidiary and/or affiliated interests.

Instruction 17. Long-term debt

For the period, beginning January 1, 1922, furnish for the foregoing obligations the following information:
   Brief description.
   Nature and amounts of consideration received.
   Discounts suffered.
   Commissions paid and to whom.
   Purpose of issue.
   Methods employed in disposition of securities.
   If sales were made through subsidiary companies or affiliated interests, give full details of such transactions and indicate the respective amounts received by the issuer and its subsidiary and/or affiliated interests.

Instruction 18. Indebtedness to subsidiary and/or affiliated companies, not current

Submit a statement showing the following:
   Names of creditor corporations.
   Amounts due thereo.
   Brief description of the purpose of the creation of the indebtedness.
   Statement as to whether collateral was given by the issuer securing said indebtedness and the nature thereof.
   Rate of interest payable on indebtedness.

For definition of subsidiary and affiliated companies, see instruction 7.

Instruction 19. Accounts and notes payable to officers, directors, stockholders, and persons directly or indirectly controlling or controlled by the issuer and persons under direct or indirect common control with the issuer

Report the names and amounts of accounts and notes payable in excess of $20,000 each (show separately) to officers, directors, stockholders, and persons directly or indirectly controlling or controlled by the issuer and persons under direct or indirect common control with the issuer, the purpose thereof, the rate of interest paid thereon, and a brief description of the collateral (if any) given by the issuer to secure the indebtedness.
Instruction 20. Accounts and notes payable to subsidiary and/or affiliated companies, current

Submit a statement similar to that requested in instruction 18.

Instruction 21. Reserves

Submit a statement setting forth the following with regard to each reserve of the issuer:
- Brief description of the nature thereof.
- How formed, whether through charges to income, earned surplus, or otherwise.
- Summary of the credits to each reserve and the credits thereto.
- Whether funds have been set aside to provide for the objects for which the reserves were created.
- If contingent, state the nature of the contingency; the probable duration thereof; the time in or during which such contingency is expected to arise; and the method by which determination has been made of the amounts accrued to the reserve.

Instruction 22. Paid-in surplus

Include in this account not more than the excess of the proceeds from the sales of capital stocks over the par or stated value thereof.

Instruction 23. Capital surplus

Submit a schedule setting forth the nature and amounts of items comprised within this account, including donated surplus, discount on capital stock reacquired, and any other surplus items not properly included in other specific surplus accounts appearing in the balance sheet.

Instruction 24. Unrealized appreciation or write down arising from revaluation of capital assets

Submit a schedule indicating the amounts reflected in this item as a result of revaluation of capital assets, as outlined in Instruction 1 (A).

Instruction 25. Proportion of undistributed profits and/or surplus of subsidiaries (if accrued on books of issuer)

A. State the amount, if any, of earnings and/or surplus of subsidiaries accrued in earned surplus of the issuer not distributed by the subsidiaries as dividends or otherwise actually realized by the issuer.
B. If any surplus of subsidiaries at the dates of acquisition thereof by the issuer is included in this item, state the amount thereof.

Instruction 26. Earned surplus

A. Include in this account only true earned surplus.
B. Furnish a statement of the respective amounts, if any, included in earned surplus, covering receipt of stock dividends and stock rights, in excess of the net profits derived from subsequent sales thereof, and state bases for any such excess amounts thus included.

Instruction 27. Contingent liabilities

A complete statement should be submitted of the material contingent liabilities of the issuer, such as the more important of the following:
- Guaranties of bonds and mortgages both as to principal and interest.
- Endorsements of unrelated commercial paper.
- Notes receivable discounted.
- Unfulfilled contracts which in the judgment of the management may adversely affect the issuer.
- Commitments in excess of current market prices, which in the judgment of the management may adversely affect the issuer.
- Amounts claimed in pending litigation.
- Federal income and other taxes.
INSTRUCTIONS RELATIVE TO PROFIT AND LOSS STATEMENT

Unless the text thereof otherwise implies, the data required hereunder shall be for the three fiscal years immediately prior to the date of the registration statement, and if the date of the filing of the registration statement is more than six months after the close of the last fiscal year, the data required hereunder shall include a period from such closing date to the latest practicable date.

Care should be exercised in preparing the profit and loss statement according to instructions set forth below. If, however, the issuer is unable to give the specific information, or data in connection therewith is not available, a full explanation of the facts in connection therewith should be made.

Submit the information called for in the profit and loss statement in approximately the form shown insofar as the character of the issuer’s income will permit.

Instruction 1. Gross sales (less returns and allowance)

Give a schedule of the major classes of gross sales and segregate between sales to affiliated interests (as defined in balance sheet instruction no. 5 C) and others.

Instruction 2. Cost of goods sold (exclusive of expenses specifically set forth below)

If intercompany profits are included in this item state the approximate amount if unable to report the exact amount thereof.

Instruction 3. Operating revenues

State the major sources of operating revenues and the amounts thereof.

Instruction 4. Commissions and fees

Submit a statement indicating to whom fees were paid for management, engineering, underwriting, financial, and other supervisory services, respective amounts thereof, and the basis for such charges.

Instruction 5. Dividends received from subsidiary and/or affiliated companies

Submit an itemized statement of dividends received from each class of stock of each subsidiary and/or affiliated company and the annual rate or amounts received per share.

Classify separately the amounts received in stock and cash or in any other way. In case of dividends received in stock, explain the basis of valuation employed in recording receipt thereof. State also the corresponding amounts at which stock dividends were charged against surplus of the issuing company and the class of surplus so charged.

Instruction 6. Dividends received from others

If stock dividends are included, state the companies from which said stock dividends were received, the amounts thereof, and the basis of valuation employed in recording their receipt.

Instruction 7. Commissions and fees received

Submit a statement indicating from whom fees were received for management, engineering, underwriting, financial, and other supervisory services, the respective amounts thereof, and the bases for such charges.

Instruction 8. Nonrecurring income and expenses

Give a brief description of the amounts included in this item. In cases of income derived from the sales of securities, properties, etc., to subsidiary and/or affiliated companies, show the cost to the issuer, the consideration and nature thereof received, and the profit recorded.

If this item includes profits or losses from the sale of capital stock received as dividends or the sale of rights, state the basis of computations and amounts thereof.
Attached below is the signature of the issuer, its principal executive officer or officers, its principal financial officer, its comptroller or principal accounting officer, and the majority of its board of directors or persons performing similar functions (or, if there is no board of directors or persons performing similar functions, by the majority of the persons or board having the power of management of the issuer), and in case the issuer is a foreign or territorial person by its duly authorized representative in the United States.
As approved 1/12/35; and
As amended 2/1/35, 3/7/35,
5/15/35, and 5/20/35.
(Amendments Nos. 1-4, inclusive)

INSTRUCTIONS FOR

FORM A-2 FOR CORPORATIONS

Rule as to the use of "Form A-2 for Corporations"

This form is to be used for registration statements under the
Securities Act of 1933 by corporations which file profit and loss
statements for three years and which have in the past fifteen years
paid dividends upon any class of common stock for at least ten con-
secutive years, except such statements as to which a special form
is specifically prescribed.

The form is to be used for all statements, falling within the
conditions prescribed, filed on or after January 15, 1935, except
that Form A-1 may be used for statements for which the rules other-
wise permit or prescribe Form A-1, if such statements are filed on
or before March 15, 1935.

SPECIAL RULES AS TO USE OF FORM A-2 FOR CORPORATIONS

1. Notwithstanding that Form A-1 is specifically prescribed
for use in cases involving an exchange of securities by the issuer
thereof for others of its securities or a modification of the terms
of securities by agreement between the issuer and its security
holders, a registrant otherwise entitled to use Form A-2 may, at
its option, use Form A-2 in any such case if the registrant is not
in default on any outstanding funded debt and is not in reorganiza-
tion pursuant to Section 77B of the Bankruptcy Act, or in bankruptcy
or receivership. If Form A-2 is used pursuant to this rule the fee
payable for registration shall be calculated in accordance with
Instruction 7 in Form E-1, and the table setting forth the calcula-
tion shall be prepared as prescribed in such Form. The following
requirements shall also be complied with:

(a) There shall be furnished in answer to Item 24 information
as to the basis upon which the outstanding securities of the regis-
trant are to be modified or exchanged.

(b) A copy of the plan or agreement, if any, pursuant to which
the outstanding securities are to be modified or exchanged shall be
filed as an exhibit to the registration statement.
1. Any statement shall be deemed filed on the proper form unless objection to the form is made by the Commission prior to the becoming effective of the statement.

2. The registration statement, including financial statements, exhibits and the prospectus, shall be filed in triplicate. Two extra copies of the prospectus shall be filed. Reference is made to the general Rules and Regulations of the Commission under the Act, permitting the incorporation by reference of Exhibits previously filed.

3. Attention is called to the general Rules and Regulations of the Commission providing for the non-disclosure of portions of material contracts if the Commission determines that disclosure of such portion would impair the value of the contract and would not be necessary for the protection of investors.

4. All statements shall be typed or printed on good quality un-glazed white paper 8½ in. by 11 in. in size. Tables and financial data, however, may be on larger paper, if folded to such size. Typed or printed matter shall leave a margin of at least 1½ in. on the left. Statements shall be securely bound on the left only. Riders may not be used. If the statement is typed on a printed form, and the space provided in the form for an answer to any given item is insufficient, the answer shall be typed on the space provided so far as the space permits and shall include in such space a reference to a full insert page or pages on which the answer shall be continued. Such insert page shall bear the number of the item thus continued.

The registrant is not required to use the printed form; if it does not do so, however, it will be necessary to type or print a complete statement, containing all the items in the form and the answers thereto.

5. Matters contained in the registration statement proper or in the financial data may be incorporated by reference as answer to or partial answer to any particular item in the statement proper, provided the reference is specific and the matter incorporated is clearly designated in the reference. A reference to an exhibit will not suffice as an answer, subject, however, to the provisions of the next rule.

6. No "brief" answers are required, brevity is essential. It is not intended, in such case, that a statement shall be made as to all the provisions of any document, but only, in succinct and condensed form, as to the most important thereof. In addition, the answer may incorporate by reference particular items, sections or paragraphs of any Exhibit, and may be qualified in its entirety by such reference.

7. All answers shall be so worded as to be intelligible without the necessity of referring to the Instruction Book.

8. The items require information only as to the registrant, unless the context clearly shows otherwise.

9. Information required need be given only insofar as known or reasonably available to the registrant.

If, however, the information required is not reasonably available to the registrant either because the obtaining thereof would involve unreasonable effort or expense or because it rests peculiarly within the knowledge of another person neither controlling, controlled by nor under common control with the registrant, the registrant shall give such
information as it possesses or can acquire with reasonable effort, together
with the sources thereof. In such case, there shall be included a statement
respectively showing either that unreasonable effort or expense would be in-
volved, or indicating the absence of any relationship of control and the re-
sult of a request made to such person for the information; and the registrant
may include a disclaimer of responsibility for the accuracy or completeness of
the information given relating to that required by the particular item.

10. All debits in credit categories and all credits in debit categories
shall be set forth in such manner as to be clearly distinguishable both on the
original and any photostat made thereof, such as by italics or asterisks.
(Purple or red ink should, therefore, not be used).

11. Except as specifically provided, if any item is inapplicable, or the
answer is "none", a statement to such effect is to be made.

DEFINITIONS

Unless the context clearly indicates the contrary, all terms used in these
instructions and in the Form have the same meaning as in the Securities Act of
1933, as amended, and in the general Rules and Regulations of the Commission
thereunder. In addition, the following definitions apply, unless the context
clearly indicates the contrary:

The term "registrant" means the issuer of the securities for which the re-
gistration statement is filed.

The terms "director", "principal executive, financial and accounting of-

The term "officer" means a president, vice-president, treasurer, secretary,
check, and any other person who performs for an issuer functions corres-
dponding to those performed by the foregoing officers.

The term "control" (including the terms "controlling", "controlled by" and
"under common control with") as used herein, means the possession, directly or
indirectly, of the power to direct or cause the direction of the management and
policies of a person, whether through the ownership of voting securities, by
contract or otherwise. If in any instance the existence of control is open to
reasonable doubt, the registrant may state the material facts pertinent to the
possible existence of control, with a disclaimer of any admission of the actual
existence of effective control.

The term "affiliate" or "affiliated" refers to a person that directly, or
indirectly through one or more intermediaries, controls, or is controlled by, or
is under common control with, the registrant.

The term "parent" refers to an affiliate controlling the registrant direct-
ly, or indirectly through one or more intermediaries.

The term "subsidiary" refers to an affiliate controlled by the registrant
directly, or indirectly through one or more intermediaries.

The term "unit", as applied to securities of any class, means that unit of
the class representing the smallest interest in the registrant or property of
the registrant or having the smallest par value which is separately transferable
by a holder thereof, except that in the case of evidences of indebtedness it
means a principal amount of $100.

The term "voting power" refers to the right, other than as affected by
events of default, to vote or, by virtue of beneficial ownership of securities
otherwise, to direct votes, for the election of directors.

The term "funded debt" has reference only to indebtedness having a maturity
at the time of its creation of more than one year, independent of acceleration.

The term "material", when used herein to qualify a requirement for the fur-

Whenever any fixed period of time in the past is indicated, such period
shall be computed from the date of filing of the registration statement.

Whenever words relating to the future are employed, the question relates
solely to present intention.

Whenever the word "certified" is used in regard to financial statements, it
means certified by an independent public or independent certified public ac-
countant.
The term "principal underwriter" means an underwriter in privity of contract with the issuer of the securities as to which he is underwriter, the term "issuer" having the meaning as given in Sections 2 (4) and 2 (11) of the Act.

The term "charter" includes articles of incorporation, articles of association and any similar document.

The term "amount" used in regard to securities, means the principal amount if relating to evidences of indebtedness, the number of shares if relating to capital stock, and the number of units if relating to any other kind of security.

When, in any table required to be furnished, the words "Title of issue" are used, there shall be given:

(a) In the case of stock, the full designation of the class of stock, and, if not included therein, the rate of dividends, if fixed, and whether cumulative or non-cumulative.

(b) In the case of funded debt, the full designation of the issue, and, if not included therein, the rate of interest, and the date of maturity. If "Income" bonds, debentures or notes, the word "Income" should be added to the designation. If due serially, a brief indication should be given of the serial maturities, for example, "maturing serially from 1936 to 1940".

(c) In case of any other security, a similar designation.

INSTRUCTIONS AS TO PARTICULAR ITEMS OF THE FORM

Item 4. As to 4 (a), Indent by the same space from the left margin all subsidiaries of the same degree of remoteness from the registrant, commencing with the immediate subsidiaries, further indenting each class of more remote subsidiaries, and placing each subsidiary under the person or persons immediately controlling it, and after each subsidiary state what percentage, if any, of voting power is represented by securities owned by the immediately controlling person or persons.

As to 4 (b), Indent by the same space from the left margin all parents of the same degree of remoteness from the registrant, commencing with the most remote, further indenting each class of less remote persons, and placing each person under the person or persons immediately controlling it. Include the registrant in the list to show its relationship to the persons controlling it. After each person, state what percentage, if any, of voting power is represented by securities owned by the immediately controlling person or persons.

Where any person listed is immediately controlled by or through two or more persons jointly, list all such persons and list the controlled person under each of them, indicating its status by appropriate cross reference.

The information required may, at the option of the registrant, be furnished in graphic form by a chart or diagram on sheets folded to the standard size of the registration statement, or graphic exhibits may be employed as supplemental to the list to clarify particular relationships between the registrant and any companies required to be listed. If two or more sheets are used, the tie of each sheet to the others should be clearly indicated.

A foreign subsidiary of a registrant may be omitted upon the initiative of the registrant from the answer to this item, if the disclosure of the name of such subsidiary will be detrimental to the interests of the security holders of the registrant. The Commission may, in its discretion, call upon the registrant for justification that such disclosure is so detrimental. The number of such subsidiaries omitted should be stated. Items 5, 6, 7 and 8 need not be answered as to any such foreign subsidiary so omitted.

By a symbol, designate such subsidiaries as are excluded from the consolidated balance sheet of the registrant and its subsidiaries. If any additional consolidated or combined balance sheets are filed, such subsidiaries as are included therein shall be indicated by another symbol. Inactive subsidiaries may be designated as such.

Items 5, 6, 7 and 8. Except in unusual cases, the respective statements required by these items should not exceed 750 words each.

Item 5. The description should include the business of subsidiaries of the registrant only in so far as necessary to understand the general character of the
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business transacted by the total enterprise represented by the registrant and its subsidiaries.

This question does not relate to corporate powers and objects, but to the actual business done. Although the description is to be in general terms, it will not suffice to state merely the general type of business, for example, the manufacture of steel products.

Item 6. There are to be stated in answer to this item only materially important developments which have occurred in the business during the period mentioned. For example, a statement should be made as to: materially important lines which have been added or abandoned; materially important plants which have been acquired, sold or abandoned; materially important changes in the modus of conducting business, such as fundamental changes in the method of distribution.

Item 7. The statement required by this item should include the plants and units of subsidiaries of the registrant only in so far as they constitute principal plants or other important units of the total enterprise represented by the registrant and its subsidiaries.

The statement and any description under this item are to be only in general terms. The particularity of the statement or description as to any plant or unit must be governed by its importance with relation to the total business of the registrant and its subsidiaries. In any case, a legal description by metes and bounds shall not be given. The information may be given by groups of plants or units.

Item 8. The statement required by this item should include franchises and concessions of subsidiaries only in so far as materially important to the total enterprise represented by the registrant and its subsidiaries.

Items 9A, 10A, 11A, 12A and 13A. This information is to be furnished as of the date of the latest balance sheet of the registrant filed with the registration statement. Insert date. By footnotes indicate any material changes since the date of the balance sheet. All securities authorized, including any to be offered under this registration, are to be set forth under the respective tables. A reference to the financial data will not suffice as an answer to these items.

Items 9B, 10B, 11B and 12B. Under the column "Present status", in these items, state whether the securities being registered are presently authorized but unissued, held in treasury, held by a person affiliated with the registrant, naming such person, or otherwise held by the registrant or outstanding.

Item 9A. Column D in this item should be so shown as to correspond with the Funded Debt as shown on the balance sheet of the registrant.

Item 10A. Column D. There is to be shown in this column the total of capital stock liability, exclusive of paid-in or other surplus. The figures should correspond with those shown on the balance sheet of the registrant.

Columns F and G. These columns should include all stock held for the account of the subsidiaries or parents.

Item 11. The brief statement of the nature of the guarantee, required by Column F of Item 11A and Column D of Item 11B should be limited to a phrase, such as "Guarantee of principal and interest", "Guarantee of interest", "Guarantee of dividends", or the like. A reference may be made to the further statement under Item 18.

Items 11A and 13A. Information need not be set forth under these items as to notes, drafts, bills of exchange or banker's acceptances having a maturity at the time of issuance of not exceeding one year.
Items 14, 15, 16, 17, 18 and 19. The outline required by these items is to relate only to such matters as have bearing on the investment value of the security registered and as to which an average prudent investor ought reasonably to be informed before purchasing the security registered. Details which are mere mechanics are not to be set forth. What is required is such information as will reasonably inform the investor from an investment standpoint, and not from the standpoint of obtaining a full and complete legal description of the rights and duties involved. For example, in the case of conversion rights, only the general character of dilution provisions need be set forth; and in the case of sinking fund provisions only the general method of operating the sinking fund, but not the mechanical details thereof.

The outline need relate only to the provisions of the respective governing instruments, exclusive of statutes.

Item 14. No statement need be made as to any issue, the total amount of which outstanding amounts to less than five per cent of the total funded debt outstanding as shown by the registrant's balance sheet, unless additional securities of the same class may be issued under the respective indenture.

Item 14 (b). If the amount is variable on a fixed basis, state such basis. If the amount is not fixed but dependent upon conditions, a brief outline of such conditions is to be set forth.

Item 14 (c). This item need not be answered as to conversion and voting rights unless the securities registered have voting or conversion rights affected by such rights of the securities not registered.

Items 14 (d) and 15 (d). The description of property is to be only in general terms. The required particularity is relative to the circumstances of the issue described. A legal description by metes and bounds shall not be given. Only such description need be made as will tend to show from an investment standpoint the nature of the issue. In case, however, the security consists of a lien on securities, set forth the title of such securities and the amount thereof, and indicate the kind of lien existing thereon. In case the securities of a single issuer constitute twenty per cent or more in value of the total security for the issue, there should be set forth a general description of (1) the business conducted by such issuer; (2) its financial structure; and (3) its relationship, if any, to a group of companies.

The description of property required under Item 14 (d) should be given by a reference to Item 15 (d) in case the security registered has a prior lien on the same property.

Item 15 (i). Provisions for the release of property no longer required in the business and obsolete property, and for the application of insurance monies, and similar provisions need not be summarized.

Item 16. No information required by this item need be set forth if the securities registered are solely evidences of indebtedness; provided, however, that if any such evidence of indebtedness is convertible into, or entitles to subscribe to, any security set forth in answer to Item 10A, the outline shall be given as to all classes of securities set forth in answer to Item 10A; and provided further that if any such evidence of indebtedness has either voting or participating rights, such outline shall be made as is necessary to an understanding of such voting or participating rights.

Item 22. See the definition of "principal underwriter." A person may be an underwriter even though there is not a firm commitment.
Item 24. If the price to the public is not a fixed price, the method by which it is to be determined shall be set forth. If the answer is "at the market," an estimate shall be made for the purpose of giving the information required. In addition there shall be stated what market is meant and a description shall be given of the kind of market involved. If the market is an exchange, the amount sold on such exchange shall be given for the period of a month proceeding a named date within ten days.

Commissions, as used in this Item and in Item 25, shall include all cash, securities, contracts or anything else of value, paid to be set aside, or disposed of, or understandings with or for the benefit of any other persons in which any underwriter is interested, made, in connection with the sale of the securities registered. In addition, they shall include any commissions paid or to be paid in connection with the sale of the securities registered by a person in which the registrant has an interest or by any affiliate of the registrant, or by any person having an interest in the registrant.

If the commissions or discounts are in other than cash, the cash value thereof shall be stated where that is practicable.

In case the proceeds are not to be received by the registrant, for example, because the securities registered are to be offered for the benefit of an affiliate, the column "Proceeds to registrant" should be changed to read "Proceeds to ________," inserting the name of the person to receive the proceeds.

Item 26. As to securities which have been sold, a statement need be made only as to those sold within six months.

Item 27 (a). Shown separately: (a) Proceeds already received; (b) those for which firm commitments have been made, giving the date on or before which such proceeds are to be received; and (c) estimated proceeds, for which no firm commitments have been made.

If the proceeds received or to be received are other than cash, the future thereof shall be stated and, where practicable, the cash value thereof.

Item 27 (b). Those expenses should include legal, accounting, engineering, certification, authentication and other expenses and charges. They may be given as subject to future contingencies. Where items are not known, estimates as such should be furnished.

Item 28. If the proceeds are to be used to discharge a loan, this item is to be answered as to the use of the proceeds of the loan, if such loan was made within one year; otherwise, it will suffice merely to state the use of the proceeds to discharge the indebtedness created by the loan, naming the creditor.

If more than ten per cent of the net proceeds are to be used for working capital, state the general purposes for which such additional working capital is needed.

If the proceeds are to be used in conjunction with other funds, state the amounts and the sources of such funds.

Item 29. So far as practicable, the allocation of the consideration given or to be given in connection with each acquisition of property should be itemized to show the amounts paid: (a) for tangible property; (b) for goodwill and going concern value; (c) for other intangibles, specified; and (d) for commissions.

Item 32. See Instructions B to Item 41.

Item 33. The percentages are to be calculated respectively upon the record or the beneficial ownership alone, and not upon a combination of the two.
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For this item the registrant is under no duty to make inquiry, but merely to answer the item to the extent of its existing knowledge as contained in its records or otherwise.

The information is to be furnished as of the date of the latest balance sheet of the registrant filed with the registration statement. Insert date.

Item 34. The information required in the third column is to be furnished as of the date of the latest balance sheet of the registrant filed with the registration statement. Insert dates.

Item 35. Commissions received or to be received by the persons named, on the acquisition of any such property, are included within the meaning of this item.

Items 36 and 37. These items call only for remuneration for services. Money or other consideration paid or delivered in consideration of property is not remuneration within the meaning of those items, unless intended as an indirect means of reward for services.

Items 36, 37 and 38. The word "employees" as used in those items does not include directors or officers.

Item 36. Remuneration paid "indirectly" includes payments made by persons holding management contracts providing for management of, or services to, the registrant or any of its subsidiaries.

Under the column "Capacities in which remuneration was received" include the names of any subsidiaries named in Item 4 (a) making any payments required to be set forth.

Item 37. Information need not be furnished as to remuneration for acting as transfer agent, registrar, trustee under a corporate mortgage, or in similar capacities.

Item 38. If the sales covered by this question are "open end" ones or otherwise constitute a continuous operation, the information may be given by such totals and periods as will reasonably convey the information required.

The information is to be given both for transactions involving sales to the public and private ones. Sales of reacquired securities, as well as of new issues, are to be set forth.

Information need not be set forth under this item as to notes, drafts, bills of exchange or banker's acceptances having a maturity at the time of issuance of not exceeding one year.

Item 39. This item does not refer to options evidenced by an issue of securities, such as an issue of warrants or rights.

Item 40. If the kind of business conducted by the registrant ordinarily results in actions for negligence or claims, no such action need be described unless it departs from the normal kinds of such actions.

For example, any proceeding of the following types, other than proceedings as to which directors, officers, promoters, or principal stockholders are adverse parties, is to be deemed within ordinary routine litigation and need not, therefore, be described under this item:

(a) Any in rem or quasi in rem proceeding where the matter in controversy exclusive of interest and costs, does not exceed three per cent of the amount less valuation or qualifying reserves at which all fixed assets are carried in the latest balance sheet of the registrant filed with the registration statement, or, if a consolidated balance sheet is filed, in the latest consolidated balance sheet so filed;

(b) Any other proceeding where the matter in controversy, exclusive of interests and costs, does not exceed three per cent of the amount less valuation or qualifying reserves at which the total assets are carried in the latest balance sheet of the registrant filed with the registration statement, or if a consolidated balance sheet is filed, in the latest consolidated balance sheet so filed;
Provided, however, that if any proceeding falling within the terms of (a) or (b) presents in large degree the same issues as other cases either pending or known to be contemplated, there shall be taken into consideration, in applying the factors of (a) or (b), the other pending or contemplated cases involving the same issues; and if the respective percentage set forth in (a) or (b) is so exceeded, a statement shall be made as to the whole subject matter of the litigation or possible litigation; and provided further, that, notwithstanding the above, any proceeding where the matter in controversy exceeds $5,000,000 shall be stated.

Item 41. A. For the purpose of meeting the requirements of this item, the following principles are to be applied to determine whether a contract is made in the ordinary course of business:

If the contract is such as ordinarily accompanies the kind of business conducted by the registrant, it is made in the ordinary course of business unless the amount of the subject matter of the contract in proportion to the total assets and volume of business of the registrant and its subsidiaries, the duration of the contract and the party with whom contracted are such as to make it of an extraordinary nature.

For example, the following contracts made with parties other than directors, officers, promoters, underwriters or principal stockholders, are to be deemed to have been made in the ordinary course of business:

1. Any contract for services or employment providing for remuneration, on an annual or shorter basis, of an amount less than one per cent of the total amount charged for selling, general and administrative expenses as shown by the registrant's latest profit and loss statement for an annual period filed with the registration statement, or, if a consolidated statement is filed, in the latest consolidated statement for such period so filed.

2. Any contract for the acquisition or sale of fixed assets for a consideration less than three per cent of the amount less valuation or qualifying reserves at which all fixed assets are carried in the latest balance sheet of the registrant filed with the registration statement, or, if a consolidated balance sheet is filed, in the latest consolidated balance sheet so filed.

3. Any contract for the purchase or sale of current assets for a consideration less than three per cent of the net sales as shown by the registrant's latest profit and loss statement for an annual period filed with the registration statement, or, if a consolidated statement is filed, in the latest consolidated statement for such period so filed.

(e) Any contract creating or evidencing an indebtedness or an obligation in the nature of an indebtedness for an amount less than three per cent of the total net worth of the registrant as shown by the latest balance sheet of the registrant filed with the registration statement.

B. Notwithstanding any provision herein contained to the contrary, the following contracts are to be deemed material:

1. Any management contract or contract providing for special bonuses or profits-sharing arrangements except the following:
   (a) Ordinary purchase and sales agency agreements;
   (b) Payments made to security holders, as such;
   (c) Labor bonuses;
   (d) Salesmen's bonuses;
   (e) Agreements with managers of stores in a chain store organization or similar organization.

2. Every contract by or with a public utility company or an affiliate thereof providing for the giving or receiving of technical or financial advice or service, (if such contract may involve a charge to any party thereto at a rate in excess of $2,500 per year in cash or securities or anything else of value.)

The following contracts need not be set forth under this item:

1. Indentures or agreements, a summarization or outline in regard to which is called for under any other item.
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(2) Any code to which adherence has been made under the terms of the National Industrial Recovery Act, or any similar code.

Item 42. The description required is not to be a technical one but one in such form as will indicate the relation and importance of the patent or patents to the business of the registrant. The patent office numbers and the dates of termination of the patents should be set forth. A group may be described as a group.

Item 43. No statement need be set forth in regard to any denial which has been made merely as a procedural step prior to any determination by the regulatory body and which has been later rescinded, nor as to one which affects only the right of the registrant to issue its securities, other than the securities being registered, at a specified price, or at a price within definite limits.

Item 45. This item does not call for an audit, but only for a survey or review of the accounts named.

Item 45 (a). This item does not refer to adjustments made in the ordinary course of business, but only to major revaluations made for the purpose of entering in the books current values, reproduction costs, or any values other than original cost.

INSTRUCTIONS AS TO FINANCIAL STATEMENTS

1. Financial Statements of the Registrant and its Subsidiaries:

   (a) Submit (i) a balance sheet of the registrant and (ii) a consolidated balance sheet of the registrant and its subsidiaries, prepared in accordance with the rules of consolidation given below, both as of a date within ninety days. If such balance sheets are not certified, there shall be submitted in addition certified balance sheets as of a date within one year; provided, however, if the fiscal year of the registrant has ended within ninety days, the certified balance sheets may be as of the end of the preceding fiscal year.

   (b) Submit (i) profit and loss statements of the registrant and (ii) consolidated profit and loss statements of the registrant and its subsidiaries, prepared in accordance with the rules of consolidation given below, in each case year by year, for the three fiscal years preceding the date of the latest balance sheet filed, and for the period, if any, between the close of the latest of such fiscal years and the date of such latest balance sheets. These profit and loss statements shall be certified up to the date of the latest certified balance sheets. "In lieu, however, of the profit and loss statements of the registrant required by sub-item (i) of this paragraph there may be submitted profit and loss statements consolidating the accounts of the registrant and one or more of its subsidiaries, if all the following conditions are met:

   (1) The registrant is primarily an operating company;

   (2) Other than directors' qualifying shares, all classes of outstanding securities of the subsidiaries whose accounts are included in such statements are owned in their entirety directly by the registrant;

   (3) Such subsidiaries owe no long-term or funded debt to persons other than the registrant;

   (4) Such subsidiaries are, in practical effect, operating divisions of the registrant; and

   (5) There is submitted, in addition to the balance sheets required in paragraph (a) above, a balance sheet consolidating the assets and liabilities of the registrant and such subsidiaries only."
(c) For subsidiaries not consolidated in the consolidated statements, in which registrant owns directly or indirectly securities representing more than 50% of the voting power other than as affected by events of default submit either (i) separate sets of statements in which all such subsidiaries are consolidated or combined in one or several groups, or (ii) individual statements for each such subsidiary not included in (i) above. These statements need not be furnished when the aggregate investments not consolidated are not significant in respect of (1) the assets they represent, and (2) the sales or operating revenues of such nonconsolidated subsidiaries. These statements shall be as of the same dates as the balance sheets and profit and loss statements called for in (a) and (b) above.

(d) The 90-day consolidated balance sheet, and the 90-day balance sheet of any unconsolidated subsidiary, need not be furnished, however, if it is impracticable to do so. But in such case, a complete set of balance sheets for the preceding period, under the rules set forth above, shall be furnished, that is, the registrant's balance sheet, a consolidated balance sheet, and balance sheets of unconsolidated subsidiaries.

(e) Notwithstanding the foregoing, the balance sheets required under paragraph (a) above need be only as of a date within six months of the date of filing of the registration statement, and the balance sheets required under paragraph (e) above need be only as of the latest fiscal year of the respective unconsolidated subsidiaries, if all of the following conditions are met:

(1) The offering of the securities registered is primarily for the purpose of refunding outstanding obligations not in default;

(2) The total assets of the registrant, as shown by the balance sheet of the registrant filed with the registration statement, amount to $10,000,000 or more;

(3) The registrant has at least one class of its securities not senior to that for which registration is sought registered on a national security exchange; and

(4) The securities registered are bonds or other evidences of indebtedness.

In the case of any unconsolidated subsidiary falling within the foregoing provisions of this paragraph, whose latest fiscal year ends within 90 days prior to the date of filing of the registration statement, a balance sheet need be furnished only as of the close of the preceding fiscal year, and such balance sheet and the profit and loss statements for three years prior thereto need not conform to the general requirements for financial statements hereinafter set forth; provided that the registrant agrees to amend its registration statement to furnish a balance sheet as of the date of the latest fiscal year of such subsidiary, and a profit and loss statement for one year prior thereto, conforming to the general requirements hereinafter set forth, within 90 days of the close of the fiscal year of such subsidiary.

2. Financial Statements with respect to any business acquired or to be acquired in consideration of the securities registered or the proceeds thereof:

(a) Submit the financial data described below as to any business acquired or to be acquired, directly or indirectly, in consideration of any of the securities registered or all or any part of the proceeds thereof:
Instructions - Form A-2


(i) A certified balance sheet as of a date within ninety days; if, however, the business was acquired prior thereto and within a year, as of the date of the acquisition; if prior to a year, however, none need be furnished.

(ii) Certified Profit and Loss Statements, year by year, for the three fiscal years preceding the date of the balance sheet and for the period from the close of the last of such fiscal periods to the date of the Balance Sheet. If no Balance Sheet need be furnished, in accordance with (i) above, no Profit and Loss Statements need be furnished.

(b) The acquisition of securities shall be deemed to be the indirect acquisition of the business conducted by the company the securities of which are acquired if either one of the following conditions is met:

(i) If the securities acquired give the control of the company or combined with securities previously hold will give such control; or

(ii) If the securities acquired have a book value, as shown by the books of the issuer thereof, of more than one-half of the net worth of such issuer, as shown by its books.

(c) The principles governing the financial statements of the registrant and governing a consolidation and the furnishing of statements as to unconsolidated subsidiaries set forth in regard to statements of the registrant, shall be applicable to the statements here required.

3. General Requirements for all Statements.

The statements required above shall comply with the following general principles and requirements, in so far as pertinent thereto.

(b) The registrant shall not consolidate in the statements specified in (1) above those companies in which it does not own, directly or indirectly, securities representing more than 50% of the voting power other than as affected by events of default. Subject to this provision, the registrant shall follow, in the consolidated statements, that principle of inclusion or exclusion which, in the opinion of its officers, will most clearly exhibit the financial condition and results of the operations of the registrant and its subsidiaries. The principle adopted shall be stated in a note attached to the consolidated balance sheet.

State separately, in the consolidated balance sheet, the amounts of the minority interest in the capital and in the surplus of the subsidiaries consolidated.

The consolidated balance sheet shall reflect, where practicable, in a footnote or otherwise, the extent to which the equity of the registrant in its unconsolidated subsidiaries, i.e., those required in (1) (c), (i) and (ii), above, has been increased or diminished since the date of acquisition as a result of profits, losses and distributions.

The consolidated profit and loss statements required under (1) (b) above, shall show, in a footnote or otherwise, the registrant's proportion of the sum of or difference between current earnings or losses and the dividends declared or paid by unconsolidated subsidiaries, i.e., those required in (1) (c), (i) and (ii), above, for the period of report.

State, in appropriate place, how, in principle, the following matters have been dealt with in the consolidation:

(a) Intercompany profits. In general, those shall be eliminated. Where not eliminated, state reasons.

(b) For subsidiaries consolidated, the difference between the investment in such subsidiaries, as shown in the registrant's books, and the registrant's equity in net assets of said subsidiaries as shown in the books of the latter. State the amount of such difference.

(c) Intercompany sales. In general, those shall be eliminated. Where not eliminated, state reasons.
The registrant may file statements and schedules in such form, order and using such generally accepted terminology, as will best indicate their significance and character in the light of the instructions.

These instructions relating to the financial statements and their supplemental schedules shall apply only where the items and conditions in question are present in the business of the registrant.

The information specified in these instructions shall be furnished as a minimum requirement, to which the registrant may add such further information as will contribute to an understanding of its financial condition and operations.

If any change in accounting principle or practice has been made during the period covered by the profit and loss statements and such change substantially affects proper comparison with the preceding accounting period, give the necessary explanation in a note attached to the balance sheet or profit and loss statement and referred to therein.

The financial statements required shall be accompanied by a certificate of an independent public or independent certified public accountant or accountants. This certificate shall be dated, shall be reasonably comprehensive as to the scope of the audit made, and shall state clearly the opinion of the accountant or accountants in respect of the financial statements, and the accounting principles and procedures followed by the registrant. In certifying to the financial statements of the registrant, independent public or independent certified public accountants may give due weight to an internal system of audit regularly maintained by means of auditors employed on the registrant's own staff. In such case the independent accountants shall review the accounting procedures followed by the registrant and by appropriate measures shall satisfy themselves that such accounting procedures are in fact being followed. Nothing in these instructions shall be construed to imply authority for the omission of any procedure which independent public or independent certified public accountants would ordinarily employ in the course of a regular annual audit. The certificate of the accountant or accountants shall be applicable to the matter in the registration statement proper to which a reference is required on the balance sheet.

**BALANCE SHEET**

Where, in those instructions, "the basis of determining the amount" is required, the basis shall be stated specifically. The term "book value" is not sufficiently explanatory unless, in the instructions, it is stated to be acceptable with respect to an item.

Assets hypothecated or pledged, other than for funded debt, shall be so designated. If current assets or securities are pledged to secure long term debt they shall likewise be designated.

Any information necessary to describe any item adequately may be presented either in the financial statement, or in a schedule or note attached thereto, or in the accountants' certificate.

The basis of conversion of all items in foreign currencies shall be stated, and the amount and disposition of resulting unrealized profit or loss shown if significant.

**CURRENT ASSETS**

Items included in this group shall be generally realizable within one year; however, generally recognized trade practices with respect to individual items such as installment receivables, or inventories long in process, are admissible, provided such trade practices are stated. Reserves provided against current assets shall be separately shown, in the balance sheet, and shall be deducted from the specific assets to which they apply. The total of current assets shall be stated.

1. **Cash and Cash Items**: State separately (a) cash on hand; demand deposits, and time deposits; (b) call loans; (c) funds subject to withdrawal restrictions. Funds subject to such restrictions and deposits in closed banks shall not be classed as current assets unless they will become available within one year.
2. **Marketable Securities:** Include only securities having a ready market. State in the balance sheet the basis of determining the balance sheet amount and if not shown on the basis of current market quotations, state such aggregate amount parenthetically. If marketable securities constitute 16% or more of total assets submit the information specified in Schedule I-A, and refer to it in the balance sheet.

3. **Notes Receivable (Trade):** Notes and accounts receivable known to be uncollectible shall be excluded from the asset as well as from the reserve account.

4. **Accounts Receivable (Trade):**

5. **Reserves for Doubtful Notes and Accounts Receivable (Trade):** Provision for doubtful notes and accounts receivable (trade) shall be shown in the balance sheet. Submit the information specified in Schedule VI.

6. **Inventories:** State separately in the balance sheet, or in a schedule therein referred to, major classes of inventory such as (a) raw materials; (b) work in process; (c) finished goods; (d) supplies, and the basis of determining the amounts shown in the balance sheet. Any other classification that is reasonably informative may be used. State, where practicable, the amount of any intercompany profits included in these items. If impracticable of determination without unreasonable expense or delay, give an estimate or explain.

7. **Other Current Assets:** State separately (a) total of current amounts due from officers, directors and those stockholders, named in answer to Item 33 of the registration statement proper, other than trade accounts subject to the usual trade terms; (b) total of current amounts due from parent and subsidiary companies; (c) any other amounts in excess of 5% of total current assets indicating when any such amount is due from affiliates other than those included under sub-caption (b).

Indebtedness of a parent or subsidiary or any affiliate as may be designated under (c) shall not be considered as current unless the net current asset position of such affiliates justifies such treatment. In the registrant's balance sheet show separately that indebtedness which in the consolidated statement is (a) consolidated, and (b) not consolidated.

Provision for necessary reserves shall be shown.

Submit a schedule showing the name of each officer, director, stockholder named in answer to Item 33 of the registration statement proper and any affiliate, from whom an indebtedness in excess of $20,000 is owed, and the amount owed by each. Include in this schedule similar items included in Item 10, Indebtedness of Affiliates - Not Current, and in Item 20, Other Assets.

**INVESTMENTS**

8. **Securities of Affiliates:** Submit the information specified in Schedule I and refer to it in the balance sheet.

9. **Other Security Investments:** State in the balance sheet or in a note therein referred to, the basis of determining the amount; and if available, the aggregate current quoted value. If reacquired stock (treasury stock) is shown as an asset in the balance sheet, give the reasons therefor and state the number of shares and the amount at which
10. Indebtedness of Affiliates - Not Current: State separately, in the registrant's balance sheet, that indebtedness which in the consolidated statement is (a) consolidated, (b) not consolidated.

11. Other Investments: State separately, by class of investments, any items in excess of 5% of total assets, other than fixed and intangible assets.

12. Property, Plant and Equipment: Submit the information specified in Schedule II and refer to it in the balance sheet.

13. Reserves for Depreciation, Depletion and Amortization (or Reserves in Lieu thereof): Submit the information specified in Schedule III and refer to it in the balance sheet.

14. Patents, Trade Marks, Franchises, Goodwill and Other Intangible Assets: Submit the information specified in Schedule IV and refer to it in the balance sheet.

15. Reserves for Depreciation and/or Amortization of Intangible Assets: Submit the information specified in Schedule V and refer to it in the balance sheet.


17. Organization Expense: State the method used in amortizing debt discount and expense.

18. Debt Discount and Expense: State separately discounts and commissions on capital stock not charged off. State what provision has been made for writing off those items.

20. OTHER ASSETS:

- State separately (a) total of amounts due from officers, directors and stockholders named in answer to Item 33 of the registration statement proper (b) total of sinking fund assets and (c) any other item in excess of 5% of total assets, other than fixed and intangible assets.
LIABILITIES, CAPITAL STOCK AND SURPLUS

CURRENT LIABILITIES: In general all amounts due within one year shall be included here. Generally recognized trade practices may be followed with respect to such items as customers' deposits and deferred income, provided such trade practices are stated. The total of current liabilities shall be shown.

21. Notes Payable: State separately amounts payable (a) to banks; (b) to trade; and (c) to others.

22. Accounts Payable (Trade): State separately (a) accrued payrolls, (b) tax liability, (c) interest, and (d) any other substantial items.

23. Accrued Liabilities: State separately (a) total of current amounts due to banks; (b) dividends declared; (c) serial bonds, notes and mortgage installments due within one year and funded debt (item 26 below) classed as a current liability; (where any such obligations of the person whose statements are furnished have been reacquired and deducted under this sub-caption the amounts shall be shown separately); (d) total of current amounts due to parent and subsidiary companies (under this sub-caption state separately the amounts which in the consolidated balance sheet are (i) consolidated and (ii) not consolidated) and (e) any other item in excess of 5% of total current liabilities, indicating when any such liability is due to affiliates other than those included under sub-caption (d). Remaining items may be shown in one amount.

DEFERRED INCOME: Specify. See note above on this item under "Current Liabilities."

LONG TERM DEBT:

26. Funded Debt: Refer in the balance sheet, (a) of the registrant, to Item 9 of the registration statement proper as to details; (b) of a consolidated statement of the registrant and its subsidiaries, to Schedule X; (c) of subsidiaries of the registrant not consolidated, to Schedule XI. If any amount of funded debt other than as required in Item 24 (a) above, falls due within one year, state separately. Where reacquired bonds and notes of the person whose statements are furnished are deducted from bonds and notes outstanding the amounts shall be shown separately.

27. Indebtedness to Affiliates - Not Current: State separately, in registrant's balance sheet, that indebtedness which in the consolidated statement is (a) consolidated, (b) not consolidated.

Specify here or in a schedule herein referred to, State whether secured. Include under this caption all debt not provided for under caption 26 and 27 above.

28. Other Long Term Debt:

OTHER LIABILITIES:

29.

RESERVES (NOT ELSEWHERE PROVIDED FOR): State in the balance sheet the total of each general major class. Submit the information specified in Schedule VI and refer to it in the balance sheet.
CAPITAL STOCK AND SURPLUS:

31. Capital Stock:
State in the balance sheet for each class of stock, the number of shares (a) authorized; (b) outstanding; par value per share; if no par value the stated or assigned value per share, if any, and the capital stock liability thereof. Show also the dollar amount, if any, of capital stock subscribed but unissued, and of subscriptions receivable thereof.

Reacquired stock (treasury stock) is preferably to be shown as a deduction from capital stock or from either the total of capital stock and surplus, or from surplus, at either par or cost as circumstances require.

Refer in the balance sheet of the registrant to Item 10A of the registration statement proper as to details.

32. Surplus:
Show in the balance sheet the division of this item into (a) paid-in surplus and/or (b) other capital surplus; and (c) earned surplus; however if, in the accounts of the registrant, separate balances for these are not shown at the beginning of the period of report, i.e., if the company has not, up to the opening of the third fiscal year prior to the last annual closing date, differentiated in its accounting for surplus as indicated above in (a) and/or (b) and (c), then the registrant may state the surplus in one amount.

An analysis of each surplus account, as shown in Schedule VII, shall be submitted for each period covered by each profit and loss statement accompanying the registration statement.

BALANCE SHEET NOTES:

A. Contingent liabilities not reflected in the balance sheet shall be given due consideration here.

B. If there be arrears in cumulative dividends state the amount per share and in total.

C. The facts and amounts with respect to any default in principal, interest, or sinking fund provisions shall be stated here if not shown in the balance sheet.

PROFIT AND LOSS STATEMENT:

The basis of conversion of all foreign currency items shall be stated.

Where, in the business of the person whose statements are furnished, income is derived from both Gross Sales (required in 1.A. below) and Operating Revenues (required in 1.B. below) the two classes may be combined in one amount when the lesser amount is not more than 10% of the sum of the two items. Where these items are combined, the Cost of Goods Sold (2.A. below) and Operating Expenses (2.B. below) may be combined in one amount.
Instructions - Form A-2

1. A. Gross Sales Less Discounts
   Returns and Allowances:
   (a) State separately, where practicable,
       sales to (1) parent and subsidiary companies and (ii) sales to others.
   (b) When sales are made on an installment or other deferred basis, show
       in the profit and loss statement or in a note therein referred to, the
       basis of taking profits into income.

2.A. Cost of Goods Sold:

2.B. Operating Revenues:

3. Maintenance and Repairs:

4. Depreciation, Deposition
   and Amortization, or
   Charges in lieu thereof:

5. Taxes (Other than Income)
   Taxes:

6. Management and Service
   Contract Fees:

7. Rents and Royalties:

8. Other Operating Expenses:

9. Selling, General and
   Administrative Expenses:

10. Provision for Doubtful
    Accounts:

11. Other General Expenses:

OTHER INCOME:

12. Dividends:

Enter here the amounts shown in Col. C of Schedule VIII, which shall be furnished as
specified therein.

State separately any substantial amount.

Submit the information specified in Schedule IX and refer to it in the profit and loss statement.
Instructions - Form A-2

13. Interest on Securities:
State separately, where significant and practicable, the amount of interest from (a) marketable securities, (b) securities of affiliates, (c) other security investments.

14. Profits on Securities:
Profits arising from transactions in securities shall be stated net of losses. No profits on registrant's own securities, or on those of its affiliates shall be included under this caption. State the principle followed in determining the cost of securities sold, e.g. "first in - first out"; "average"; or "specific certificate or bond."

15. Miscellaneous Other Income:
State separately, with explanation, any substantial non-recurring items of miscellaneous other income, and any other substantial amounts. If profits arising from transactions in registrant's own securities or in those of its affiliates or on the sale of capital assets are included, state the amount separately and give reasons for the inclusion under this caption rather than as direct credits to surplus.

INCOME DEDUCTIONS:

16. Losses on Securities:
Losses arising from transactions in securities shall be stated net of profits. No losses on registrant's own securities, or on those of its affiliates shall be included under this caption. State the principle followed in determining cost of securities sold, e.g. "first in - first out"; "average cost"; or "specific certificate or bond."

17. Miscellaneous Income Deductions:
State separately, with explanation, any substantial non-recurring items of miscellaneous income deductions, and any other substantial amounts. If losses arising from transactions in registrant's own securities or in those of its affiliates or on the sale of capital assets are included, state the amount separately and give reasons for inclusion under this caption rather than as charges to surplus.

18. Interest and Debt Discount and Expenses:
State separately (a) interest on funded debt; (b) amortization of debt discount and expense; (c) other interest.

19. Net Income before Provision for Income Taxes:

20. Provision for Income Taxes:

21. Net Income or Loss:
See balance sheet Item 32, and Schedule VII.

Schedules follow:
Instructions - Form A-2

SCHEDULE I - INVESTMENTS IN SECURITIES OF AFFILIATES (NOTE 1)

<table>
<thead>
<tr>
<th>COL. A</th>
<th>COL. B</th>
<th>COL. C</th>
<th>COL. D</th>
<th>COL. E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue</td>
<td>Group in three divisions: (I) stocks and bonds of subsidiaries consolidated, (II) stocks and bonds of subsidiaries not consolidated, (III) stocks and bonds of other affiliates. Show stocks and bonds separately in each case. (NOTE 2)</td>
<td>BALANCE AT THE BEGINNING OF PERIOD</td>
<td>ADDITIONS DURING PERIOD</td>
<td>REDUCTION DURING PERIOD</td>
</tr>
<tr>
<td>Title of Issue, and Name of Issuer.</td>
<td>Number of shares.</td>
<td>Number of Principal Amount</td>
<td>Principal Amount</td>
<td>Number of shares.</td>
</tr>
<tr>
<td></td>
<td>Amount Principal</td>
<td>Amount Principal</td>
<td>Amount Principal</td>
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<td></td>
<td>in amount of bonds and dollars</td>
<td>in amount of bonds and dollars</td>
<td>in amount of bonds and dollars</td>
<td>in amount of bonds and dollars</td>
</tr>
</tbody>
</table>

NOTE: (1) This schedule shall be furnished in support of Item 8 in all balance sheets submitted. It shall show for each year or part thereof, the opening (Col. B) and closing (Col. E) balances and the interim changes required in Col. C and Col. D for the periods covered by the profit and loss statements submitted. The balance, Col. E, at the beginning of the first period of audit may be as per accounts.

(2) Within the three groups required in Col. A, each major investment shall be stated separately. Reasonable grouping without enumeration may be made of other investments. Those foreign investments, the enumeration of which would be detrimental to the interest of the security holders of the registrant, may be grouped.

(3) If the cost of additions in Col. C represent other than cash expenditures, explain. If acquired from an affiliate (and not an original issue of that affiliate) at other than cost to the affiliate, show such cost, provided the acquisition by the affiliate was within two years prior to the acquisition by the person whose statement is furnished.

(4) State: (a) Cost of items sold and how determined. (b) Amount received, if other than cash, explain. (c) Disposition of resulting profit or loss.
### SCHEDULE 1A - MARKETABLE SECURITIES AND/OR OTHER SECURITY INVESTMENTS (NOTE 1)

<table>
<thead>
<tr>
<th>Col. A</th>
<th>Col. B</th>
<th>Col. C</th>
<th>Col. D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title of issue and name of issuer</td>
<td>Number of shares, units or principal amount</td>
<td>Aggregate Amount at which each security is carried in the balance sheet (NOTE 2)</td>
<td>Aggregate market value at balance sheet date</td>
</tr>
</tbody>
</table>

**NOTE:**

(1) This schedule shall be furnished in support of Items 2 and/or 9 in the latest balance sheet of the registrant. If the registrant submits a consolidated balance sheet this schedule need only be furnished for the consolidated balance sheet.

(2) State the basis of determining the amounts in Column C.
Instructions - Form A-2

SCHEDULE II - PROPERTY, PLANT AND EQUIPMENT (NOTE 1)

<table>
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</thead>
<tbody>
<tr>
<td>PROPERTY</td>
<td>BALANCE AT</td>
<td>ADDITIONS</td>
<td>RETIREMENTS OR SALES DURING</td>
<td>OTHER CHANGES</td>
<td>BALANCE AT CLOSE OF THE PERIOD - BALANCE SHEET</td>
</tr>
<tr>
<td>(NOTE 2)</td>
<td>BEGINNING OF PERIOD</td>
<td>PERIOD AT COST</td>
<td>PERIOD</td>
<td>DR. AND/OR CR.</td>
<td>ITEM 12</td>
</tr>
<tr>
<td></td>
<td>(NOTE 3)</td>
<td></td>
<td></td>
<td></td>
<td>DESCRIBE (NOTE 5)</td>
</tr>
</tbody>
</table>

NOTE: (1) This schedule shall be furnished in support of item 12 in all balance sheets submitted. It shall show for each year or part thereof the opening (Col. B) and closing (Col. F) balances and the interim changes required in Col. C, Col. D and Col. E for the periods covered by the profit and loss statements submitted. The balance Col. B at the beginning of the first period of audit may be as per accounts. However, where the registrant is mainly a holding company, and its property is not of significant amount, this schedule may be furnished in connection with the consolidated balance sheet and those of the unconsolidated subsidiaries only.

(2) This may be stated in one amount.

(3) If the changes in property accounts represent anything other than additions from acquisitions, state clearly the nature of the changes and the other accounts affected. If cost of property additions represents other than cash expenditure explain. If acquired from an affiliate at other than cost to the affiliate, show such cost, provided the acquisition by the affiliate was within two years prior to the acquisition by the person whose statement is furnished.

(4) If the changes in property accounts represent other than reductions by retirement or sales, state clearly the nature of the changes and the other accounts affected. If items are stated at other than cost explain, where practicable.

(5) When provisions for depreciation, depletion and/or amortization of property, plant and equipment is credited in the books directly to the asset accounts, the amounts shall be stated in Col. E with explanations, including where charged.
**Instructions - Form A-2**

**SCHEDULE III - RESERVES FOR DEPRECIATION, DEPLETION AND AMORTIZATION (NOTE 1)**

<table>
<thead>
<tr>
<th>COL. A</th>
<th>COL. B</th>
<th>COL. C</th>
<th>COL. D</th>
<th>COL. E</th>
<th>COL. F</th>
</tr>
</thead>
<tbody>
<tr>
<td>RESERVES FOR PROPERTY</td>
<td>BALANCE AT BEGINNING OF PERIOD</td>
<td>COSTS OR OTHER ACCTS.</td>
<td>CHARGED TO</td>
<td>CHARGED TO</td>
<td>TOTAL OF</td>
</tr>
<tr>
<td>SHOWN IN SCHEDULE II</td>
<td>PERIOD</td>
<td>INCOME</td>
<td>DESCRIPTION</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(NOTE 2)</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**NOTE:** (1) (a) This schedule shall be furnished in support of item 13 in all balance sheets submitted. It shall show for each year or part thereof the opening (Col. B) and closing (Col. F) balances and the interim changes required in Col. C, Col. D and Col. E for the periods covered by the profit and loss statements submitted. The balance, Col. B at the beginning of the first period of audit may be as per accounts. However, where the registrant is mainly a holding company, and its property is not of significant amount, this schedule may be furnished in connection with the consolidated balance sheet and those of the unconsolidated subsidiaries only.

(b) Where other reserves are created in lieu of depreciation reserves the same information shall be given with respect to them.

(c) State the company's policy with respect to the provisions for depreciation, depletion and amortization or reserves created in lieu thereof, during the period under report.

(d) Insofar as amounts for depreciation, depletion and amortization are credited to the property accounts, such amounts shall be shown in Schedule II, as there required.

(2) Where so carried in the books, reserves shall show depreciation, depletion and amortization separately.
Instructions - Form A-Z

SCHEDULE IV - INTANGIBLE ASSETS (NOTE 1)

<table>
<thead>
<tr>
<th>COL. A</th>
<th>COL. B</th>
<th>COL. C</th>
<th>COL. D</th>
<th>COL. E</th>
<th>COL. F</th>
</tr>
</thead>
<tbody>
<tr>
<td>DESCRIPTION</td>
<td>BALANCE AT BEGINNING OF PERIOD</td>
<td>ADDITIONS DURING PERIOD</td>
<td>DEDUCTIONS DURING PERIOD</td>
<td>OTHER CHANGES</td>
<td>BALANCE AT THE CLOSE OF PERIOD</td>
</tr>
<tr>
<td>OF ASSETS BY MAIN CLASSES</td>
<td>PERIOD</td>
<td>DESCRIBE (NOTE 2)</td>
<td>TO INCOME</td>
<td>TO OTHER</td>
<td>DR. AND/OR CR.</td>
</tr>
</tbody>
</table>

NOTE: (1) (a) This schedule shall be furnished in support of item 14 in all balance sheets submitted. It shall show for each year, or part thereof, the opening (Col. B) and closing (Col. F) balances and the interim changes required in Col. C, Col. D and Col. E for the periods covered by the profit and loss statements submitted. The balance, Col. B, at the beginning of the first period of audit may be as per accounts. However, where in the registrant's balance sheet this asset is not of significant amount, this schedule may be furnished in connection with the consolidated balance sheet and those of the unconsolidated subsidiaries only.

(b) Where in the accounts of the registrant it is not practicable to separate intangible assets from property, plant and equipment, the information here required may be included in Schedule II.

(2) If cost of additions in Col. C represents other than cash expenditure explain. If acquired from an affiliate at other than cost to the affiliate, show such cost, provided the acquisition by the affiliate was within two years prior to the acquisition by the person whose statement is furnished.

(3) When provisions for depreciation and/or amortization are credited in the books directly to intangible asset accounts, the amounts shall be stated in Col. D, with explanation.
**Instructions - Form A-2**

**SCHEDULE V - RESERVES FOR DEPRECIATION AND/OR AMORTIZATION OF INTANGIBLES (NOTE 1).**

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</thead>
<tbody>
<tr>
<td>RESERVES FOR CLASSIFICATIONS OF INTANGIBLE PROPERTY IN SCHEDULE IV (Note 2)</td>
<td>BALANCE AT BEGINNING OF PERIOD</td>
<td>ADDITIONS TO RESERVES</td>
<td>CHARGED TO COSTS</td>
<td>CHARGED TO OTHER</td>
<td>TOTAL OF CHARGES TO RESERVES</td>
</tr>
<tr>
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</tbody>
</table>

**NOTE:** (1) (a) This schedule shall be furnished in support of Item 15 in all balance sheets submitted. It shall show for each year, or part thereof, the opening (Col. B) and closing (Col. F) balances and interim changes required in Col. C, Col. D and Col. E for the periods covered by the profit and loss statements submitted. The balance, Col. B at the beginning of the first period of audit may be as per accounts. However, where in the registrant's balance sheet intangible assets are not of significant amount, this schedule may be furnished in connection with the consolidated balance sheet and those of the unconsolidated subsidiaries only.

(b) State the company's policy with respect to the provisions for depreciation and amortization of intangible assets, or reserves created in lieu thereof.

(c) Insofar as amounts provided for depreciation and/or amortization are credited to the intangible asset accounts, such amounts shall be shown in Schedule IV as there required.

(2) This schedule shall, as far as practicable, be furnished to correspond with the classifications in Schedule IV.
Instructions - Form A-2

SCHEDULE VI - RESERVES (NOTE 1)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>DESCRIPTIVE NAMES OF RESERVES (NOTE 2)</td>
<td>BALANCE AT BEGINNING OF PERIOD</td>
<td>ADDITIONS DURING PERIOD CHARGED TO COSTS OR INCOME TO OTHER ACCOUNTS</td>
<td>CHARGES TO RESERVE DURING PERIOD</td>
<td>CHANGES TO RESERVE DURING PERIOD DESCRIBE</td>
</tr>
</tbody>
</table>

NOTE: (1) (a) This schedule shall be furnished in support of Items 5 and 30 in all balance sheets submitted. It shall show for each year or part thereof the opening (Col. B) and closing (Col. E) balances and the interim changes required in Col. C and Col. D for the periods covered by the profit and loss statements submitted. The balance, Col. B at the beginning of the first period of audit may be as per accounts. However, where in the balance sheet of the registrant these reserves are not significant, this schedule may be furnished in connection with the consolidated balance sheet and those of the unconsolidated subsidiaries only.

(b) Total of each general class of reserve shall be shown separately in balance sheet.

(2) List, by general major classes, all reserves not included in Schedule III and V. Identify each such class of reserve by descriptive title. All minor items and special contingency reserves may be grouped in one total.
SCHEDULE VII - SURPLUS (NOTE 1)

1. BALANCE (OR BALANCES) AT BEGINNING OF PERIOD AS PER ACCOUNTS.

2. NET INCOME OR LOSS FROM PROFIT AND LOSS STATEMENT.

3. OTHER ADDITIONS TO SURPLUS - SPECIFY. (NOTE 2)
   TOTAL:

4. CHARGES TO SURPLUS - SPECIFY. (NOTE 2)

5. DIVIDENDS - STATE RATE AND AMOUNT ON EACH CLASS OF STOCK
   (a) CASH
   (b) STOCK
   TOTAL CHARGES TO SURPLUS:

6. BALANCE (OR BALANCES) AT CLOSE OF PERIOD - BALANCE SHEET ITEM 32.

NOTE 1. This schedule shall be furnished in support of Item 32 in all balance sheets submitted. It shall show separately for each year, or part thereof, the opening balance (or balances), Item 1, the interim changes required in Items 2 to 5 inclusive and the closing balance (or balances), Item 6, for the periods covered by the profit and loss statements submitted. The balance (or balances), Item 1, at the beginning of the first period of audit may be as per accounts.

NOTE 2. Other additions to surplus (ITEM 3) and charges to surplus (ITEM 4) shall be so designated as to indicate clearly whether they are of the nature of capital or earned surplus items.
Instructions - Form A-2

SCHEDULE VIII - SUPPLEMENTARY PROFIT AND LOSS INFORMATION (NOTE 1)

State for each of the costs or expenses named in Col. A below, the total amount charged during the period, classified, where practicable, as indicated.

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<tr>
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<tbody>
<tr>
<td>Item</td>
<td>Charged to</td>
<td>Charged to</td>
<td>Charged to</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>Costs</td>
<td>Profit and</td>
<td>Other Accounts</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Loss</td>
<td>(NOTE 3)</td>
<td></td>
</tr>
</tbody>
</table>

1. Maintenance and repairs
2. Depreciation, depletion and amortization (or charges in lieu thereof)
3. Taxes (other than income taxes)
4. Management and service contract fees
5. Rents and royalties (State separately where either amount is significant) (NOTE 2)

NOTE 1. This schedule shall be furnished supplementary to all profit and loss statements submitted.

2. State, where significant, the aggregate annual amount of the rentals upon all real property now leased to the registrant and its subsidiaries for terms expiring more than three years after the date of filing of the registration statement, and the number of such leases. If the rentals are conditional, state the minimum annual amount.

3. The accounts to which charged need not be specified.
SCHEDULE IX - INCOME FROM DIVIDENDS (NOTE 1)

<table>
<thead>
<tr>
<th>Col. A</th>
<th>Col. B</th>
<th>Col. C</th>
</tr>
</thead>
<tbody>
<tr>
<td>TITLE OF ISSUE AND NAME OF ISSUER</td>
<td>AMOUNT OF DIVIDENDS</td>
<td>AMOUNT OF REGISTRANT'S EQUITY IN AFFILIATES' EARNINGS OR LOSSES FOR PERIOD OF REPORT WHERE APPLICABLE</td>
</tr>
<tr>
<td>(NOTE 2)</td>
<td>1. Cash</td>
<td>2. Other</td>
</tr>
<tr>
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</tbody>
</table>

**NOTE:**

1. This schedule shall be furnished in support of Item 12 in all profit and loss statements submitted.

2. The stocks of affiliates shall be listed or combined as in Schedule 1. Dividends from (a) marketable securities (Item 2 in balance sheet) and (b) other security investments (Item 9 in balance sheet) shall also be included, and may be shown in separate aggregate amounts.

3. State the nature of any dividends other than cash, the basis on which they have been taken up as income, and the reasons for so doing.
Instructions - Form A-2

SCHEDULE X - FUNDED DEBT OF REGISTRANT AND ITS SUBSIDIARIES - CONSOLIDATED. (NOTE 1)

<table>
<thead>
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</thead>
<tbody>
<tr>
<td>Name of issuer</td>
<td>Title of issue</td>
<td>Amount authorized</td>
<td>Amount outstanding exclusive of treasury</td>
<td>Amount outstanding as per consolidated balance sheet</td>
<td>Amount in treasuries of registrant and consolidated subsidiaries</td>
<td>Amount pledged by registrant and consolidated subsidiaries</td>
</tr>
</tbody>
</table>

NOTE 1. This schedule shall be furnished in support of Item 26 - Funded Debt, in the latest consolidated balance sheet of the registrant and its consolidated subsidiaries filed with the registration statement. The information specified in the schedule shall be furnished for each issue of authorized funded debt of the registrant and its subsidiaries consolidated in the consolidated balance sheet.
Instructions - Form A-2

**SCHEDULE XI - FUNDED DEBT OF SUBSIDIARIES NOT CONSOLIDATED (NOTE 1)**

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Name of issuer</td>
<td>Title of issue</td>
<td>Amount authorized</td>
<td>Amount outstanding exclusive</td>
<td>Amount outstanding as per balance treasury</td>
<td>Amount held in sheet</td>
<td>Amount pledged treasury</td>
</tr>
</tbody>
</table>

**NOTE 1.** This schedule shall be furnished in support of Item 26-Funded Debt in the latest balance sheet of each unconsolidated subsidiary or group of subsidiaries filed with the registration statement. The information specified in the schedule shall be furnished for each issue of Funded Debt of subsidiaries not consolidated in the consolidated balance sheet.
INSTRUCTIONS AS TO EXHIBITS

1. Subject to the regulations permitting incorporation by reference, the following exhibits shall be filed as a part of the registration statement:

EXHIBIT "A" - A copy of the charter, as amended, if amended, and a copy of the existing by-laws or instruments corresponding thereto.

EXHIBIT "B" - Copies of the respective indentures and amendments thereof defining the rights of the holders of (a) Funded Debt set forth in answer to Item 9; (b) Funded Debt of subsidiaries consolidated in the consolidated balance sheet filed with the registration statement; (c) Funded Debt of unconsolidated subsidiaries the financial statements of which are required to be furnished; and (d) Funded Debt of other issuers guaranteed by the registrant set forth in answer to Item 11; provided, however, that no such indenture need be filed if concerning an issue, the total amount of which outstanding amounts to less than five per cent of the total funded debt outstanding of the respective issuer, unless additional securities of the same class may be issued, under the respective indenture.

EXHIBIT "C" - Copies of any contract of guarantee outlined in answer to Item 18.

EXHIBIT "D" - Copies of the constituent instruments, if any, defining, rights of securities set forth in answer to Item 13.

EXHIBIT "E" - Copies of any orders described in answer to Item 45.

EXHIBIT "F" - A copy of any agreement or agreements (or if identical agreements are used, the form thereof) made with any principal underwriter of the securities registered hereunder, and any other contract described under Item 23.

EXHIBIT "G" - A copy of the opinion, or opinions, of counsel in respect to the legality of the issue, or issues, registered, with an English translation thereof when in a foreign language. Such an opinion is required to be furnished.

EXHIBIT "H" - Copy (specimen if available) of each security being registered.

EXHIBIT "I" - Copies of contracts described in answer to Items 32 and 41 and franchises outlined in answer to Item 8.

EXHIBIT "J" - Copy of each foreign patent, each document establishing a patent right, and each contract for a patent right set forth in answer to Item 41.

2. The registrant may file such other exhibits as it may desire, marking them so as to indicate clearly the items to which they refer.

3. All exhibits filed with the registration statement or incorporated by reference shall be clearly and specifically identified in the registration statement proper.

4. In any case where two or more indentures, contracts, franchises, patents or other documents which are required to be filed as exhibits are substantially identical in all material respects except as to the parties thereto, dates of execution or other details, the registrant need file a copy of only one of such substantially identical documents with a schedule identifying the other documents omitted and setting forth the parties thereto, dates of execution and other material details in which such documents differ from the document of which copy is filed; provided, however, that the Commission may at any time in its discretion require the filing of copies of any documents so omitted and the registrant shall furnish copies thereof upon request.

INSTRUCTIONS AS TO SIGNATURES

1. The name of each person signing the registration statement shall be typed or printed beneath the signature.

2. The signature of the registrant's duly authorized representative in the United States is not required unless the registrant is a foreign or territorial corporation.
INSTRUCTIONS AS TO CONSENTS OF EXPERTS

See Section 7 of the Act. Attach all consents of experts after the signatures to the registration statement, except such consents as may be contained in the respective reports of the experts, in which event a reference should be made after the signatures to the statement so that there is there contained a complete enumeration of such consents as are not there attached.

INSTRUCTIONS AS TO THE PROSPECTUS

Notwithstanding the provisions of Article 16 of the Rules and Regulations of the Commission under the Securities Act of 1933, and pursuant to the powers conferred by subsections 2, 3 and 4 of Section 10 (b) of the Act, and the Commission finding that the requirements hereinbelow contained are necessary or appropriate in the public interest or for the protection of investors for the class of prospectuses and issuers to which applicable, and that the statements required by the items permitted to be omitted are not necessary or appropriate in the public interest or for the protection of investors for the class of prospectuses and issuers to which applicable, the following rules shall govern prospectuses for securities registered on Form A-2 for Corporations:

1. The information set forth in the prospectus, except as to financial statements required to be furnished, may be expressed in condensed or summarized form. The information need not follow the numerical sequence of the items of information in the registration statement.

2. Where the incorporation by reference in the registration statement proper of matter contained in exhibits is permitted, a similar incorporation by reference may be made in the prospectus.

3. There shall be placed on the first page of the prospectus, in conspicuous print, the following three paragraphs, with the first and third paragraphs in capital letters:

"THESE SECURITIES HAVE NOT BEEN APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION."

(insert name of issuer) has registered the securities by filing certain information with the Commission. The Commission has not passed on the merits of any securities registered with it.

"IT IS A CRIMINAL OFFENSE TO REPRESENT THAT THE COMMISSION HAS APPROVED THESE SECURITIES OR HAS MADE ANY FINDING THAT THE STATEMENTS IN THIS PROSPECTUS OR IN THE REGISTRATION STATEMENT ARE CORRECT."

4. The answer to Item 24 of the Registration Statement shall be stated on the first page of the prospectus.

5. The financial statements should, where possible, be set forth in comparative form and shall include the account's certificate.

6. There may be omitted from the prospectus matter contained in the Registration Statement in regard to the following:

(a) The Face Sheet;

(b) The Calculation of the Registration Fee;

(c) The following items of the Registration Statement proper:

Item 4 (a); Columns D, E, F, G, H and I of Item 9A; Columns D, E, F and G of Item 10A; Columns D and E of Item 11A; Columns B and C of Item 12A; information set forth in answer to Item 13A similar to that which may be omitted as to Items 9A, 10A, 11A and 12A; Item 14; Items 18 and 19 other than as to securities to be offered; Items 20, 23, 27 (a) and 27 (b); Item 30 other than as to directors and principal executive officers; Items 31, 34, 36, 37, 38, 41, 43 and 46; any item not set forth above, other than Items 7 and 21, as to which the answer is in the negative;

(d) The enumeration of contents of the Registration Statement;
(e) The Signatures and the Consents of Experts;

(f) All schedules to the respective financial statements other than:

(1) Schedule VII, which schedule, however, may be expressed in condensed or summarized form if containing numerous items;

(2) The information required by Columns B and C of Items 1, 2 and 5 of Schedules VIII, and that required by foot-note (2) of Schedule VII, which information shall be set forth by an apposite note to the respective Profit and Loss Statement; and

(3) The information required by Note (1) (c) of Schedule III and Note (1) (b) of Schedule V.

(g) All financial statements and schedules of any unconsolidated subsidiary the total assets of which, as shown by its latest balance sheet filed with the registration statement, amount to less than 15 per cent of the total assets of the registrant and its consolidated subsidiaries as shown by the latest consolidated balance sheet filed with the registration statement;

(h) All exhibits.

7. There shall be placed at the end of the prospectus in type as large as that used in the body thereof, the following statement:

"Further information concerning these securities and their issuer is to be found in the registration statement on file with the Securities and Exchange Commission, Washington, D. C. The registration statement may be inspected by anyone at the office of the Commission, without charge, and copies of all or any part of it may be obtained upon payment of the Commission's charge for copying.

"The additional information concerns the following subjects:

Following the foregoing statement in the prospectus, there shall be set forth: (1) a brief indication of the subject matter contained in answer to the numbered items of the registration statement proper omitted, provided, however, that as to the omissions which may be made as to Items 9A, 10A, 11A, 12A and 13A, it is permissible to make this single statement: "The number of securities of the registrant held by its subsidiaries and other similar information", or one corresponding thereto and provided that as to the other items omitted, the indication shall not be of more than one line, if possible, per each numbered item (not sub-item) as to which an omission, wholly or partially, may be made; (2) an enumeration of each financial statement omitted; and (3) a statement without enumeration to the effect that schedules, for example, schedules on Income from Dividends and Reserves for Depreciation, and exhibits such as the charter and indentures are on file with the Commission."
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON

SECURITIES ACT OF 1933
Release No. 359

Amendment No. 5 to Instruction Book for Form A-2

The Securities and Exchange Commission, pursuant to authority conferred upon it by Section 7 of the Securities Act of 1933, finding that the following requirements will provide disclosure necessary and appropriate for the protection of investors with respect to the class of issuers and securities to which they are applicable, hereby amends the Instruction Book for Form A-2 for Corporations, as amended, by adding after the "Rule as to the Use of 'Form A-2 for Corporations'", and preceding the "Special Rules as to the Use of Form A-2 for Corporations", the following additional matter:

This form may also be used for registration statements (except such statements as to which a special form is specifically prescribed), by a corporation organized for the purpose of distributing to its stockholders only, water, electricity, or gas, and prohibited from paying any dividends to its stockholders except upon its dissolution or liquidation, provided that:

1. The corporation has been in existence at least fifteen years prior to the date of the filing of the registration statement;
2. There has been no default by the corporation upon any of its funded indebtedness within the period of fifteen years prior to the date of the filing of the registration statement;
3. The registrant will have a total indebtedness, upon the issuance of the securities registered, not exceeding fifty per cent of the amount, less valuation reserves, at which the total assets of the registrant are carried on the latest balance sheet of the registrant filed with the registration statement, giving effect to the proceeds of the securities registered; and
4. Within the period of ten years preceding the date of the filing of the registration statement, the corporation shall not have failed to levy and collect assessments in amounts sufficient to meet all current charges.

---End---

Approximate Date of Proposed Public Offering:

Name and address of person authorized to receive notices and communications from the Securities and Exchange Commission:
INSTRUCTIONS AS TO PROSPECTUSES OTHER THAN NEWSPAPER PROSPECTUSES

The Securities and Exchange Commission, pursuant to authority conferred upon it by Section 10 of the Securities Act of 1933, hereby amends the Instructions Book for Form A-2 for Corporations, as amended, by adding after the title

"INSTRUCTIONS AS TO THE PROSPECTUS" the following sub-title:

"I - INSTRUCTIONS AS TO PROSPECTUSES OTHER THAN NEWSPAPER PROSPECTUSES",

and by adding the following at the conclusion of said instructions:

"II - INSTRUCTIONS AS TO NEWSPAPER PROSPECTUSES."

Notwithstanding the provisions of Article 16 of the rules and regulations of the Commission under the Securities Act of 1933, as amended, and pursuant to the powers conferred by subsections (2), (3) and (4) of Section 10 (b), of the Act, and the Commission finding that the requirements for newspaper prospectuses hereinbelow contained are necessary or appropriate in the public interest or for the protection of investors for the class of prospectuses and the issuers to which applicable, and that the statements required by the items permitted to be omitted are not necessary or appropriate in the public interest or for the protection of investors for the class of prospectuses and issuers to which applicable, the following rule shall govern newspapers prospectuses for securities registered on Form A-2 for Corporations:

1. The term "Newspaper Prospectuses" as used in these Instructions shall comprise only advertisements of securities printed in newspapers, magazines or other periodicals which are admitted to the United States mails as second class matter and which are not distributed by the advertiser. The term shall not include reprints, reproductions or detached copies of such advertisements.

2. Newspaper prospectuses shall not be deemed to be "a written prospectus meeting the requirements of Section 10" for the purpose of Section 2(10)(a) or Section 5(b)(2) of the Securities Act of 1933, as amended.

3. Notwithstanding the provisions of Article 17 of the rules and regulations of the Commission under the Securities Act of 1933, a copy of a newspaper prospectus need not be filed until the seventh day subsequent to the first date of publication; such copy shall be accompanied by a statement of the date and the manner of publication.

4. Where the incorporation by reference in the registration statement proper of matter contained in exhibits is permitted, a similar incorporation by reference may be made in the newspaper prospectus.
5. The information set forth in the newspaper prospectuses may be expressed in condensed or summarized form. The information need not follow the numerical sequence of the items of information in the registration statement.

6. There shall be placed at the head of the newspaper prospectuses in conspicuous print, the following statement:

"This issue, though registered, is not approved by the Securities and Exchange Commission, which does not pass on the merits of any registered securities."

7. There may be omitted from a newspaper prospectus matter contained in the registration statement in regard to the following:

(a) The Facing Sheet.

(b) Calculation of Registration Fee.

(c) The following items of the Registration Statement proper:
   Items 2, 4a, 6, 7, except as to the general character of the principal plants and other important units, 8, 9A, except that total of outstanding Funded Debt shall be stated: Columns B, D, E, F and G of Item 10A; 11A except that the total of Column C shall be stated; Columns B, C, E and F of Item 12A; information set forth in answer to Item 13A similar to that which may be omitted as to Items 9A, 10A, 11A and 12A; 14; paragraphs c, h, i, provided that a statement be made that substitution is permitted, if such is the case, and, if so, a statement be further made as to whether or not notice is required in connection with any such substitution, k, l, m, n and o of Item 15; 16; Items 18 and 19 other than as to securities to be offered; Items 20, 22, 23, 25, 26, 27, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 43, 44, 45, 46; any item not set forth above other than Items 7 and 21, as to which the answer is in the negative.

(d) The enumeration of the contents of the Registration Statement.

(e) The Signatures and Consents of Experts.

(f) All financial statements and schedules thereto.

(g) All exhibits.

8. There shall be placed at the foot of the newspaper prospectus, a statement to the following effect:

"Further information, in particular financial statements, is contained in the Registration Statement on file with the Commission and in the offering prospectus which must be furnished to each purchaser and is obtainable from the undersigned. (Insert names)"

---end---

---end---
For IMMEDIATE Release Saturday, May 11, 1935.

SECURITIES AND EXCHANGE COMMISSION
Washington

SECURITIES ACT OF 1933
Release No. 368

Amendment No. 7 to Instruction Book for Form A-2

The Securities and Exchange Commission hereby amends the Instruction Book for Form A-2 for Corporations, as amended, by striking from paragraph "(e)" of the "Instructions as to Financial Statements" the following:

"(1) The offering of the securities registered is primarily for the purpose of refunding outstanding obligations not in default;

"(2) The total assets of the registrant, as shown by the balance sheet of the registrant filed with the registration statement, amount to $10,000,000 or more;

"(3) The registrant has at least one class of its securities not senior to that for which registration is sought registered on a national securities exchange; and

"(4) The securities registered are bonds or other evidences of indebtedness."

and inserting in lieu thereof the following:

"(1) No funded debt of the registrant is in default as to principal, interest or sinking fund provisions;

"(2) The total assets of the registrant, as shown by the latest balance sheet of the registrant filed with the registration statement, amount to $5,000,000 or more; and

"(3) The registrant has at least one class of its securities registered on a national securities exchange."

so that the paragraph as hereby amended reads as follows:

"(e) Notwithstanding the foregoing, the balance sheets required under paragraph (a) above need be only as of a date within six months of the date of filing of the registration statement, and the balance sheets required under paragraph (c) above need be only as of the latest fiscal year of the respective unconsolidated subsidiaries, if all of the following conditions are met:

"(1) No funded debt of the registrant is in default as to principal, interest or sinking fund provisions;

"(2) The total assets of the registrant, as shown by the latest balance sheet of the registrant filed with the registration statement, amount to $5,000,000 or more; and

"(3) The registrant has at least one class of its securities registered on a national securities exchange."
Amendment No. 8 to Instruction Book for Form A-2

The Securities and Exchange Commission hereby amends the Instruction Book for Form A-2, as amended, by adding, after the "Rule As To The Use Of Form A-2" and preceding the "General Rules As To The Form", the following paragraph under the caption "Special Rules As To The Use of Form A-2 For Corporations":

"2. In case all the following conditions exist:

(a) Within the past fifteen years the registrant was organized as the successor to a single predecessor, all of the assets of which were transferred by such predecessor to the registrant and all of the liabilities of such predecessor were assumed by the registrant; and

(b) The capital structure of the registrant, at the time of such succession, was substantially the same as that of the predecessor, other than for such changes as may result from changing the capital stock liability per share;

Form A-2 may be used by any corporation if profit and loss statements for three years are filed for the registrant and/or such predecessor, and the registrant and/or such predecessor have in the past fifteen years paid dividends upon any class of common stock for at least two consecutive years; provided, however, that, wherever the word "registrant" occurs in the registration statement it shall be deemed to include such predecessor, unless the context clearly shows otherwise."

For Immediate Release Saturday, May 11, 1935.
SECURITIES AND EXCHANGE COMMISSION
Washington

SECURITIES ACT OF 1933
Release No. 402 (Class C)

Amendment No. 9 to Instruction Book for Form A-2

The Securities and Exchange Commission, finding that any information or documents specified in Schedule A of the Securities Act of 1933, as amended, which are not required to be set forth in Form A-2 for Corporations and the accompanying book of instructions, as hereby amended, is inapplicable to the class of securities to which such form is appropriate, and that disclosure fully adequate for the protection of investors is otherwise required to be included in the registration statement, and that such information or documents as are required by said Form A-2 for Corporations and the accompanying book of instructions, as hereby amended, but which are not specified in Schedule A, are necessary or appropriate in the public interest or for the protection of investors, pursuant to authority conferred upon it by Sections 7 and 19 (a) of the Securities Act of 1933, as amended, hereby amends the instruction book for said Form A-2 for Corporations, as amended, as follows:

I. By striking the first paragraph contained in said instruction book of Form A-2 for Corporations under the caption "Rule as to the Use of Form A-2 for Corporations", and substituting in place thereof the following:

This form is to be used for registration statements, except such statements as to which a special form is specifically prescribed, under the Securities Act of 1933, as amended, by any corporation which files profit and loss statements for three years and which meets either one of the following conditions: (a) such corporation has made annually available to its security holders, for at least ten years, financial reports (which may be reports consolidating the reports of the corporation and its subsidiaries) including at least a balance sheet and a profit and loss or income statement, or (b) such corporation had a net income for any two fiscal years of the five fiscal years preceding the date of the latest balance sheet filed with the registration statement. If such corporation has subsidiaries, such income shall be determined on the basis of consolidated reports for such corporation and its subsidiaries. Notwithstanding what is hereinabove prescribed in this paragraph, however, this form shall not be used by any corporation organized within ten years, if the majority of the capital stock thereof was issued to promoters of the corporation in consideration of property or services, or if more than one-half of the proceeds of the sale of securities of such corporation has been used to purchase property acquired by the corporation from the promoters of the corporation.

(Note: If, under the foregoing Rule as to the Use of Form A-2 for Corporations, the applicability of this form to any corporation depends upon net income for two fiscal years, and if either or both of such two fiscal years antecede the period for which profit and loss statements are required.

Approximate Date of Proposed Public Offering:

Name and address of person authorized to receive notices and communications, from the Securities and Exchange Commission:
by the Instructions as to Financial Statements in this Instruction Book, such corporation shall furnish for the information of the Commission at the time the registration statement is filed, but not as a part of the registration statement, profit and loss statements, in addition to those required by the Instructions as to Financial Statements, for the earlier of such antecedent fiscal years and for any intervening period prior to the first year for which such statements are required by the Instructions. Such additional profit and loss statements shall be prepared in accordance with the Instructions as to Financial Statements, except that they need not be certified and no schedules need be furnished.

II. By striking the whole of Paragraph 2 under the caption "Special Rules as to the Use of Form A-2 for Corporations" of said instruction book, and substituting the following:

"2. In case all the following conditions exist:

(a) Within the past ten years the registrant was organized as the successor to a single predecessor, all of the assets of which were transferred by such predecessor to the registrant and all of the liabilities of such predecessor were assumed by the registrant; and

(b) The capital structure of the registrant, at the time of such succession, was substantially the same as that of the predecessor, other than for such change as may have resulted from changing the capital stock liability per share;"

the registrant and such a predecessor shall be deemed one person for the purpose of determining whether the conditions of the general rule as to the use of Form A-2 for Corporations, as set forth under the first paragraph of the "Rule as to the Use of Form A-2 for Corporations" exist. In such case, however, wherever the word "registrant" occurs in the registration statement, it shall be deemed to include such predecessor unless the context clearly shows otherwise.

III. By striking out the third paragraph of the instructions to Item 33, and inserting in lieu thereof the following:

"The information is to be furnished as of a date within 93 days of the date of filing of the registration statement. Insert date."

IV. By striking out the instruction to Item 34, and inserting in lieu thereof the following:

"Item 34. The information required in the third column is to be furnished as of a date within 90 days of the date of filing of the registration statement. Insert date."
V. By inserting the following instruction as to Item 45 (b):

"Item 45 (b). This item relates only to restatements which have resulted in transfers from capital stock liability to surplus or reserves. No statements need be made as to restatements resulting from the declaration of stock dividends."

VI. By striking out sub-paragraph (i) and (ii) under paragraph (a) of Part 2 of the Instructions as to Financial Statements, entitled "Financial Statements with respect to any business acquired or to be acquired in consideration of the securities registered or the proceeds thereof", and inserting in lieu thereof the following:

(i) A balance sheet as of a date within ninety days; if, however, the business was acquired prior thereto and within a year, as of the date of the acquisition; if prior to a year, however, none need be furnished. If such balance sheet is not certified, submit in addition a certified balance sheet as of a date within one year, provided that, if the fiscal year has ended within ninety days, the certified balance sheet may be as of the end of the preceding fiscal year.

(ii) Profit and loss statements, year by year, for the three fiscal years preceding the date of the latest balance sheet filed and for the period from the close of the last of such fiscal years to the date of such latest balance sheet. Such profit and loss statements shall be certified up to the date of the certified balance sheet. If no balance sheet need be furnished, in accordance with (i) above, no profit and loss statements need be furnished.

VII. By inserting after the second full paragraph of Part 3 of the Instructions as to Financial Statements, entitled "General Requirements for all Statements", the following paragraph:

If the fiscal year of any subsidiary ends on a date different from that of the registrant, it may be consolidated if the following conditions are met:

(1) Such difference is not more than 93 days;

(2) The closing date of the subsidiary is expressly indicated;

(3) The necessity for the use of different closing dates is briefly explained; and

(4) Any changes in the respective fiscal periods of the registrant and the subsidiary made during the period of report are clearly indicated, together with the manner of treatment.

The above amendments shall be effective June 15, 1935; provided, however, any registrant may, at its option, until August 15, 1935, be governed by the form and instruction book as existing prior to the above amendments.

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Approximate Date of Proposed Public Offering:

Name and address of person authorized to receive notices and communications from the Securities and Exchange Commission:
The Securities and Exchange Commission, finding that any information or documents specified in Schedule A of the Securities Act of 1933, as amended, which are not required to be set forth in Form A-2 for Corporations and the accompanying book of instructions, as hereby amended, is inapplicable to the class of securities to which such form is appropriate, and that disclosure fully adequate for the protection of investors is otherwise required to be included in the registration statement, and that such information or documents as are required by said Form A-2 for Corporations and the accompanying book of instructions, as hereby amended, but which are not specified in Schedule A, are necessary or appropriate in the public interest or for the protection of investors, pursuant to authority conferred upon it by Sections 7 and 19 (a) of the Securities Act of 1933, as amended, hereby amends the instruction book for said Form A-2 for Corporations, as amended, by inserting after the instruction to Item 4 (a) the following new paragraph:

In any case where the registrant is not engaged either directly or through subsidiaries primarily in merchandising at retail and has a group of subsidiaries all of which are engaged in retailing products of the registrant or its subsidiaries (such subsidiaries being hereinafter called "retail subsidiaries") none of such subsidiaries need be named in answer to Item 4 (a) if all the following conditions exist:

1. The total sales of the products of the registrant and its subsidiaries to all of such retail subsidiaries does not exceed three per cent of the net sales of the registrant and its other subsidiaries as shown by the latest profit and loss statements filed with the registration statement;

2. The total investment in such retail subsidiaries plus loans and advances to such retail subsidiaries and their principal stockholders does not exceed two per cent of the total assets of the registrant as shown by its latest balance sheet filed with the registration statement;

3. The total investment in any one of such retail subsidiaries plus loans and advances to such subsidiary and its principal stockholders does not exceed ten per cent of the total investment in all such retail subsidiaries plus loans and advances to all such retail subsidiaries and their principal stockholders.

Provided, however, that there shall be included in the answer to Item 4 (a) the number of such retail subsidiaries, and a brief indication of the relationship of the registrant to such retail subsidiaries as a group.
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON

SECURITIES ACT OF 1933
Release No. 442 (Class C)

Amendment No. 11 to Instruction Book for Form A-2

The Securities and Exchange Commission, finding that any information or documents specified in Schedule A of the Securities Act of 1933, as amended, which are not required to be set forth in Form A-2 for Corporations and the accompanying book of instructions, as hereby amended, is inapplicable to the class of securities to which such form is appropriate, and that disclosure fully adequate for the protection of investors is otherwise required to be included in the registration statement, and that such information or documents as are required by said Form A-2 for Corporations and the accompanying book of instructions, as hereby amended, but which are not specified in Schedule A, are necessary or appropriate in the public interest or for the protection of investors, pursuant to authority conferred upon it by Sections 7 and 19 (a) of the Securities Act of 1933, as amended, hereby amends the instruction book for said Form A-2 for Corporations, as amended, by inserting after the instructions as to Item 4 (a) the following paragraph:

No subsidiary, whether domestic or foreign, need be named in answer to Item 4 (a) unless such subsidiary is of material significance in relation to the total enterprise represented by the registrant and its subsidiaries, in respect of either (1) the investment therein, or (2) the sales or operating revenues of such subsidiary, or (3) the essential nature of the function performed by such subsidiary in the total enterprise represented by the registrant and its subsidiaries; provided, however, that there be included in answer to Item 4 (a) the number of subsidiaries omitted pursuant to the provisions of this paragraph, the total investment of the registrant and its subsidiaries in such subsidiaries omitted and the total sales and operating revenues of such subsidiaries omitted; and provided, further, that if any such subsidiary is a member of a group of subsidiaries performing essentially similar functions and if such group of subsidiaries in the aggregate is of material significance in any of the three foregoing respects, there shall be set forth a brief indication of the relationship of the registrant to such subsidiaries as a group, and, if the number of such subsidiaries does not exceed ten the names of such subsidiaries.

Approximate Date of Proposed Public Offering:
Name and address of person authorized to receive notices and communications from the Securities and Exchange Commission:
For IMMEDIATE Release Wednesday, August 14, 1935.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON

SECURITIES ACT OF 1933
Release No. 462 (Class D)

AMENDMENT NO. 12 TO INSTRUCTION BOOK FOR FORM A-2

The Securities and Exchange Commission announced today the adoption of a rule amending the requirements of Form A-2 regarding financial statements as applied to railways and railway holding companies. The new provisions permit the separate financial statements of subsidiary railway companies to be in the form filed with the Interstate Commerce Commission, or to be omitted if the subsidiary's properties are operated by the registrant, and if prescribed supplemental statements are furnished. Furthermore, a foreign railway operating company that is required by law to make financial reports to a foreign regulatory body need not file financial statements with its registration statement as of a date later than the close of its last fiscal year, provided that it submits certain additional financial information as of a more recent date.

Since securities of common carriers which are subject to the jurisdiction of the Interstate Commerce Commission are exempt from the registration requirements of the Securities Act, these amendments primarily concern domestic railway holding companies, and foreign companies.

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Approximate Date of Proposed Public Offering:

Name and address of person authorized to receive notices and communications from the Securities and Exchange Commission:
The Securities and Exchange Commission, finding that any information or documents specified in Schedule A of the Securities Act of 1933, as amended, which are not required to be set forth in Form A-2 for Corporations and the accompanying book of instructions, as hereby amended, are inapplicable to the class of securities to which such form is appropriate, and that disclosure fully adequate for the protection of investors is otherwise required to be included in the registration statement, and that such information or documents as are required by said Form A-2 for Corporations and the accompanying book of instructions, as hereby amended, but which are not specified in Schedule K, are necessary or appropriate in the public interest or for the protection of investors, pursuant to authority conferred upon it by Sections 7 and 19 (a) of the Securities Act of 1933, as amended, hereby amends the instruction book for said Form A-2 for Corporations, as amended, as follows:

By adding to paragraph 4 captioned "Special financial requirements as to particular classes of issuers" under "Instructions as to Financial Statements", a new sub-paragraph numbered (2), reading as follows:

(2) Companies engaged primarily in the recovery, refining and distribution of oil and gas.

In case the registrant is engaged, directly or through subsidiaries, primarily in the recovery, refining and distribution of oil and gas and a substantial part of its business consists of direct operations by the registrant, and if the following conditions exist:

1. The total assets of the registrant, as shown by the latest balance sheet filed with the registration statement, amount to $250,000,000 or more;

2. At least twenty-five per cent of the gross sales of the registrant and its subsidiaries consolidated, as shown by the latest consolidated profit and loss statement filed with the registration statement, are made in countries other than the United States of America;

3. The registrant, directly or through its subsidiaries, conducts business in at least fifteen countries other than the United States of America;

Approximate Date of Proposed Public Offering:

Name and address of person authorized to receive notices and communications from the Securities and Exchange Commission:
the balance sheets required under sub-paragraph (a) of paragraph 1 under the caption "Instructions as to Financial Statements" need be only as of a date within nine months prior to the date of filing the registration statement; provided that, if the privilege accorded by this rule is exercised, there be furnished, in addition to the other financial statements filed, a statement setting forth:

(i) Current assets and current liabilities, in the form prescribed for such sections of the balance sheet, of the registrant, as of a date within a period within which the latest balance sheet of the registrant would be required to be furnished except for the operation of this rule. This statement may be as shown by the books of the registrant;

(ii) The net sales, computed in the same manner as on the profit and loss statements filed, of the registrant, from the date of the latest balance sheet furnished to the date as of which the statement required by (i) above is furnished;

(iii) A schedule of the maximum and minimum prices of domestic crude oil for each week since the date of the latest balance sheet of the registrant furnished, to the date as of which the statement required by (i) above is furnished;

(iv) Any changes in capital structure as to the registrant between the date of the latest balance sheet of the registrant furnished and the date as of which the statement required by (i) above is furnished.
Notwithstanding the provisions of Article 16 of the Rules and Regulations of the Commission under the Securities Act of 1933, as amended, and pursuant to powers conferred by subsections (2), (3), and (4) of Section 10(b) of the Act, and the Commission finding that the requirements for newspaper prospectuses as hereinbelow amended are necessary or appropriate in the public interest or for the protection of investors for the class of prospectuses and the issuers to which applicable, and that the statements required by the items permitted to be omitted are not necessary or appropriate in the public interest or for the protection of investors for the class of prospectuses and issuers to which applicable, the Commission hereby amends the Instructions as to Newspaper Prospectuses for securities registered on Form A-2 for Corporations, as follows:

Paragraph 4 is amended to read as follows:

"4. Where the incorporation by reference in the registration statement proper of matter contained in exhibits is permitted, a similar incorporation by reference may be made in the newspaper prospectus. Matters contained in the registration statement proper or in the financial data filed therewith, or contained in the offering prospectus, may, for all purposes of the Act, be incorporated by reference in the newspaper prospectus and any statement or statements in the newspaper prospectus may be qualified in its or their entirety by such reference."

Paragraph 5 is amended to read as follows:

"5. The information set forth in the newspaper prospectuses may be expressed in such condensed or summarized form as, in the light of the circumstances under which such newspaper prospectuses are authorized to be used and the necessity for brevity, will merely serve to direct attention to the material facts required to be included in the newspaper prospectus. Accordingly, a statement or outline of such facts to the extent contained in the offering prospectus is not required. Information not required to be included in the newspaper prospectus may be set forth in similar condensed or summarized form. The information need not follow the numerical sequence of the items of information in the registration statement."

Subparagraph (c) of Paragraph 7 is amended to read as follows:

"(c) The following items of the registration statement proper:
Items 2; 4a; 5, provided that a statement be made as to the general type of business done and intended to be done by the registrant and its subsidiaries; 6; 7, provided that a statement be made as to the principal type of property

Approximate Date of Proposed Public Offering:

Name and address of person authorized to receive notices and communications from the Securities and Exchange Commission:
described in answer to Item 7; 8; 9A, except that the total of outstanding Funded Debt shall be stated; Columns B, D, E, F and G of Item 10A; 11A, except that the total of Column C shall be stated; Columns B, C, E and F of Item 12A; information set forth in answer to Item 12A similar to that which may be omitted as to Items 9A, 10A, 11A and 12A; 14; Paragraphs d, e, g, provided that a statement be made as to whether additional securities may be issued under the respective indenture, h, i, provided that a statement be made that substitution is permitted, if such is the case, and, if so, a statement be further made as to whether or not notice is required in connection with any such substitution; k, l, m, n and o of Item 15; 16; Items 18 and 19 other than as to securities to be offered; Items 20; 22; 23; 25; 27; 29; 30; 31; 32; 33; 34; 35; 36; 37; 38; 39; 40; 41; 43; 44; 45; 46; any item not set forth above other than Items 7 and 21, as to which the answer is in the negative."

The Instructions as to Newspaper Prospectuses, as amended, read as follows:

"II—INSTRUCTIONS AS TO NEWSPAPER PROSPECTUSES."

Notwithstanding the provisions of Article 16 of the rules and regulations of the Commission under the Securities Act of 1933, as amended, the following rule shall govern newspaper prospectuses for securities registered on Form A-2 for Corporations:

1. The term "Newspaper Prospectuses" as used in these Instructions shall comprise only advertisements of securities printed in newspapers, magazines or other periodicals which are admitted to the United States mails as second class matter and which are not distributed by the advertiser. The term shall not include reprints, reproductions or detached copies of such advertisements.

2. Newspaper prospectuses shall not be deemed to be "a written prospectus meeting the requirements of Section 10" for the purpose of Section 2(10)(a) or Section 5(b)(1) of the Securities Act of 1933, as amended.

3. Notwithstanding the provisions of Article 17 of the rules and regulations of the Commission under the Securities Act of 1933, a copy of a newspaper prospectus need not be filed until the seventh day subsequent to the first date of publication; such copy shall be accompanied by a statement of the date and the manner of publication.

4. Where the incorporation by reference in the registration statement proper of matter contained in exhibits is permitted, a similar incorporation by reference may be made in the newspaper prospectus. Matters contained in the registration statement proper or in the financial data filed therewith, or contained in the offering prospectus, may, for all purposes of the Act, be incorporated by reference in the newspaper prospectus and any statement or statements in the newspaper prospectus may be qualified in its or their entirety by such reference.
5. The information set forth in the newspaper prospectuses may be expressed in such condensed or summarized form as, in the light of the circumstances under which such newspaper prospectuses are authorized to be used and the necessity for brevity, will merely serve to direct attention to the material facts required to be included in the newspaper prospectus. Accordingly, a statement or outline of such facts to the extent contained in the offering prospectus is not required. Information not required to be included in the newspaper prospectus may be set forth in similar condensed or summarized form. The information need not follow the numerical sequence of the items of information in the registration statement.

6. There shall be placed at the head of the newspaper prospectuses in conspicuous print, the following statement:

"This issue, though registered, is not approved by the Securities and Exchange Commission, which does not pass on the merits of any registered securities."

7. There may be omitted from a newspaper prospectus matter contained in the registration statement in regard to the following:

(a) The Facing Sheet.

(b) Calculation of Registration Fee.

(c) The following items of the registration statement proper:
Items 2; 4a; 5, provided that a statement be made as to the general type of business done and intended to be done by the registrant and its subsidiaries; 6; 7, provided that a statement be made as to the principal type of property described in answer to Item 7; 8; 9A, except that the total of outstanding Funded Debt shall be stated; Columns B, D, E, F and G of Item 10A; 11A, except that the total of Column C shall be stated; Columns B, C, E and F of Item 12A; information set forth in answer to Item 13A similar to that which may be omitted as to Items 9A, 10A, 11A and 12A; 14; Paragraphs d, e, g, provided that a statement be made as to whether additional securities may be issued under the respective indenture, h, i, provided that a statement be made that substitution is permitted, if such is the case, and, if so, a statement be further made as to whether or not notice is required in connection with any such substitution, k, l, m, n and o of Item 15; 16; Items 18 and 19 other than as to securities to be offered; Items 20; 22; 23; 25; 26; 27; 29; 30; 31; 32; 33; 34; 35; 37; 38; 39; 40; 41; 43; 44; 45; 46; any item not set forth above other than Items 7 and 21, as to which the answer is in the negative.

Approximate Date of Proposed Public Offering:

Name and address of person authorized to receive notices and communications from the Securities and Exchange Commission:
(d) The enumeration of the contents of the Registration Statement.
(e) The Signatures and Consents of Experts.
(f) All financial statements and schedules thereto.
(g) All exhibits.

8. There shall be placed at the foot of the newspaper prospectus, a statement to the following effect:

"Further information, in particular financial statements, is contained in the Registration Statement on file with the Commission, and in the offering prospectus which must be furnished to each purchaser and is obtainable from the undersigned. (Insert names)"
SECURITIES AND EXCHANGE COMMISSION

Washington

SECURITIES ACT OF 1933

Release No. 551 (Class C)

Amendment No. 15 to Instruction Book for Form A-2

The Securities and Exchange Commission, acting pursuant to authority conferred upon it by Sections 7 and 19(a) of the Securities Act of 1933, as amended, finding that any information or documents specified in Schedule A of the Securities Act of 1933, as amended, which are not required to be set forth in Form A-2 for Corporations and the accompanying book of instructions, as hereby amended, are inapplicable to the class of securities to which such form is appropriate, and that disclosure fully adequate for the protection of investors is otherwise required to be included in the registration statement, and that such information or documents as are required by said Form A-2 for Corporations and the accompanying book of instructions, as hereby amended, but which are not specified in Schedule A, are necessary or appropriate in the public interest or for the protection of investors, hereby amends the instruction book for said Form A-2 for Corporations, as amended, as follows:

1. Under the caption "Special Rules as to the Use of Form A-2 for Corporations", the first rule is amended by striking out, in the first paragraph thereof, the words "if the registrant is not in default on any outstanding funded debt and is not in reorganization pursuant to Section 77B of the Bankruptcy Act, or in bankruptcy or receivership," and by inserting in place thereof the words "if the registrant is not in reorganization pursuant to Section 77B of the Bankruptcy Act or in bankruptcy or receivership, and if no default exists on any outstanding funded debt (other than a default in sinking fund payments which has been waived by the holders of at least 80% in principal amount of the issue outstanding)."

The first paragraph of Special Rule No. 1, as amended, reads as follows:

1. Notwithstanding that Form E-1 is specifically prescribed for use in cases involving an exchange of securities by the issuer thereof for others of its securities or a modification of the terms of securities by agreement between the issuer and its security holders, a registrant otherwise entitled to use Form A-2 may, at its option, use Form A-2 in any such case if the registrant is not in reorganization pursuant to Section 77B of the Bankruptcy Act or in bankruptcy or receivership and if no default exists on any outstanding funded debt (other than a default in sinking fund payments which has been waived by the holders of at least 60% in principal amount of the issue outstanding). If Form A-2 is used pursuant to this rule the fee payable for registration shall be calculated in accordance with Instruction 7 in Form E-1, and the table setting forth the calculation shall be prepared as prescribed in such Form.

Approximate Date of Proposed Public Offering:

Name and address of person authorized to receive notices and communications from the Securities and Exchange Commission:
The following requirements shall also be complied with:

2. At the end of the "Special Rules as to the Use of Form A-2 for Corporations" there is added a new rule reading as follows:

"3. Notwithstanding the provisions of the last sentence of the rule for the use of Form A-2 for Corporations, that form may be used by a corporation otherwise entitled to use the form, if the property acquired from promoters under the circumstances stated in such last sentence consisted principally of one or more going businesses, or of securities representing directly or indirectly more than 50% of the voting power controlling such businesses.

"Any corporation filing on Form A-2 by virtue of this Special Rule 3 shall set forth in its registration statement the following additional item, designated as Item 45A, and shall furnish the information required thereby:

"Item 45A. As to each business acquired by the registrant directly or through the acquisition of securities in circumstances which would have prevented the use of Form A-2 except for the operation of Special Rule 3 as to the use of Form A-2:

(a) Describe briefly the transaction by which such business or such securities were acquired, including a statement as to any write-up or write-down in Investments, in Property, Plant and Equipment, or in Intangible Assets, effected in connection with or in the course of the transaction.

(b) If the business or the securities representative thereof were acquired by the promoter looking to their transfer to the registrant, or within six months prior to their transfer to the registrant, state the cost of such business or securities to the promoter and the total amount of securities and other consideration given to the promoter therefor."

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The Securities and Exchange Commission, finding that any information or documents specified in Schedule A of the Securities Act of 1933, as amended, which are not required to be set forth in Form A-2 for Corporations and the accompanying book of instructions, as hereby amended, are inapplicable to the class of securities to which such form is appropriate, and that disclosure fully adequate for the protection of investors is otherwise required to be included in the registration statement, and that such information or documents as are required by said Form A-2 for Corporations and the accompanying book of instructions, as hereby amended, but which are not specified in Schedule A, are necessary or appropriate in the public interest or for the protection of investors, pursuant to authority conferred upon it by Sections 7 and 19(a) of the Securities Act of 1933, as amended, hereby amends the instruction book for said Form A-2 for Corporations, as amended, as follows:

By adding to paragraph 4 captioned "Special financial requirements as to particular classes of registrants" under "Instructions as to Financial Statements", a new sub-paragraph numbered (3), reading as follows:

(3) Bank Holding Companies

The term "bank" as used in this paragraph (3) shall be deemed to include any association or corporation organized under the laws of the United States, any State or Territory of the United States or the District of Columbia, a substantial portion of the business of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to national banks under Section 11(k) of the Federal Reserve Act, as amended, and which is supervised and examined by State or Federal authorities having supervision of banks.

In case the registrant is engaged, either directly or through subsidiaries, primarily in the business of owning securities of banks for the purpose and with the effect of exercising control, and does not have any other substantial business either directly or through subsidiaries, the special requirements set forth below shall be applied:

---

Approximate Date of Proposed Public Offering:

Name and address of person authorized to receive notices and communications from the Securities and Exchange Commission:
(a) Statements of any bank subsidiary need not be certified, and are not to be consolidated with statements of the registrant. Item 45 need not be answered as to any bank subsidiary.

(b) The statements of one or more bank subsidiaries may be combined in a single statement, provided such statement shows the minority interest separately and eliminates any inter-bank items within the group.

Statements of bank subsidiaries shall be prepared from and in substantially the same form as the "Reports of Condition" and the "Reports of Earnings and Dividends" prescribed by the Comptroller of the Currency or the Federal Reserve Board or the Federal Deposit Insurance Corporation. Such statements shall be accompanied by the schedules called for in such "Reports of Condition" except Schedules A, B, C and D. The schedules required by Form A-2 as to unconsolidated subsidiaries need not be furnished as to any bank subsidiary. In case any bank subsidiary did not report to one of such Federal authorities, the financial data concerning such subsidiary shall be drawn from the reports required by its respective State authority, and shall be commensurate with that required concerning a subsidiary that does report to one of such Federal authorities. Each statement as to a bank subsidiary and each combined statement as to such subsidiaries shall be supplemented by an attached statement showing the following:

1. Book value, and market or, if there is no market, appraised value, separately stated, of: (i) direct obligations of, and obligations fully guaranteed by, the United States Government; (ii) investments in affiliated companies principally engaged in holding banking premises or other real estate; and (iii) other bonds, stocks and securities.

2. Estimated losses not elsewhere provided for on the following bank assets, separately stated: (i) loans and discounts; (ii) bank premises; (iii) other real estate; (iv) other assets.

3. The total of loans and other advances to officers and directors of the registrant and stockholders named in answer to Item 33 of the registration statement.

(c) In lieu of "Schedule I - Investments in Securities of Affiliates", for the balance sheet of the registrant, there shall be furnished the two following schedules:
### Schedule I(a) - Investments in Securities of Affiliates - Banks (Note 1)

<table>
<thead>
<tr>
<th>COL. A</th>
<th>COL. B</th>
<th>COL. C</th>
<th>COL. D</th>
<th>COL. E</th>
<th>COL. F</th>
<th>COL. G</th>
</tr>
</thead>
<tbody>
<tr>
<td>TITLE OF ISSUE AND NAME OF ISSUER, STATE EACH ISSUE SEPARATELY (Note 2)</td>
<td>SHARES OWNED</td>
<td>TOTAL CAPITAL, SURPLUS AND UNDIVIDED PROFITS (Note 3)</td>
<td>AMOUNT OF</td>
<td>AMOUNT OF</td>
<td>AMOUNT AT</td>
<td>NET EARNINGS FROM CURRENT OPERATIONS (Note 3)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>NET TANGIBLE ASSET</td>
<td>NET TANGIBLE ASSET</td>
<td>WHICH CARRIED IN THE BALANCE SHEET OF THE PERSON WHOSE STATEMENT IS FURNISHED (Note 5)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>ASSET VALUE</td>
<td>VALUE APPLICABLE TO SHARES OWNED</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>TO SHARES</td>
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<td></td>
<td></td>
<td></td>
<td>OWNED</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>OTHERS</td>
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<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**Note 1.** Columns C-1-2-3-4-5-6 and D, E, F and G shall be totaled.

**Note 2.** Group according to states and within each group segregate national banks from state banks, designate by an appropriate method those banks which are not members of the Federal Reserve System, and indicate each such bank which is not insured with the Federal Deposit Insurance Corporation.

**Note 3.** The information called for in Columns C-1-2-3-4 and G shall be as shown by the "Reports of Conditions" and the "Reports of Earnings and Dividends" submitted by the affiliate to a federal authority, or if it does not report to a federal authority to its respective state authority.

**Note 4.** Describe briefly the nature of the adjustments.

**Note 5.** Where the amount shown in Column F differs from the amount shown in Column E, state the basis of determining the amount of Column F.
### Schedule I(b) - Investments in Securities of Affiliates - Other Affiliates (Note 1)

<table>
<thead>
<tr>
<th>COL. A</th>
<th>COL. B</th>
<th>COL. C</th>
<th>COL. D</th>
<th>COL. E</th>
<th>COL. F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title of issue, and name of issuer. State each issue separately.</td>
<td>Balance at the beginning of period as per accounts</td>
<td>Additions during period</td>
<td>Reductions during period</td>
<td>Balance at the close of period</td>
<td>Value at balance sheet date (Note 4)</td>
</tr>
<tr>
<td>Number of shares. Principal amount of bonds and notes.</td>
<td>Amount in dollars</td>
<td>Number of shares. Principal amount of bonds and notes.</td>
<td>Amount in dollars</td>
<td>Number of shares. Principal amount of bonds and notes.</td>
<td>Amount in dollars</td>
</tr>
</tbody>
</table>

**Note 1.** The "amount in dollars" column in Columns B, C, D, and E, and Column F shall be totaled.

2. If the additions in Column C represent other than cash expenditures, explain.

3. State: (a) Cost of items sold or if the basis for determining the profit or loss is other than cost, state such basis and explain.

   (b) Amount received. If other than cash, explain.

   (c) Disposition of resulting profit or loss.

   If reductions represent other than sales, explain.

4. For each issue having a market or quoted value, state such amount. For others determine, as of the balance sheet date, by an appropriate method, the estimated value of each item listed.
Approved 1/12/35 (SAMPLE FORM - NOT FOR FILING)

Date of Filing Registration No.
Effective Date
(The above to be left blank by the registrant)

FORM A-2
For Corporations

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C.

REGISTRATION STATEMENT

Under
SECURITIES ACT OF 1933

(Name of Registrant)

Securities Registered

<table>
<thead>
<tr>
<th>Title of Issue, or Issues</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
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</tr>
</tbody>
</table>

Amount of Filing Fee:

Approximate Date of Proposed Public Offering:

Name and address of person authorized to receive notices and communications, from the Securities and Exchange Commission:
The information required to be given under the items hereinbelow set forth is more specifically defined in the "Instruction Book for Form A-2 for Corporations".

The Instruction Book also sets forth requirements as to Financial Statements, Exhibits, Signatures, Consents of Experts and the Prospectus, which are to accompany the registration statement or to be incorporated therein by reference.

**CALCULATION OF REGISTRATION FEE**

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Title of Issue, or issues</td>
<td>Proposed</td>
<td>maximum</td>
<td>Aggregate</td>
<td>Amount of filing fee</td>
</tr>
<tr>
<td>registered</td>
<td>Amount</td>
<td>offering</td>
<td>price</td>
<td>offering</td>
</tr>
<tr>
<td></td>
<td>registered</td>
<td>price</td>
<td>per unit</td>
<td>price</td>
</tr>
</tbody>
</table>

**ORGANIZATION**

1. Exact name of registrant:

2. Address of principal executive offices:

3. The state or other sovereign power under which incorporated, and the date of incorporation:

4. List the following and indicate the respective percentages of voting power as required by the Instructions:
   
   (a) All subsidiaries of the registrant.
   
   (b) All parents of the registrant.

**HISTORY AND BUSINESS**

5. Outline briefly the general character of the business done and intended to be done by the registrant and its subsidiaries.

6. Outline briefly the general development of the business for the preceding five years.

**PROPERTY**

7. State briefly the general character and location of the principal plants and other important units of the registrant and its subsidiaries. If any principal plant or important unit is not held in fee, so state and describe how held.

8. Outline briefly the general effect of all material franchises and concessions held by the registrant or its subsidiaries.
CAPITAL SECURITIES AND SECURITIES BEING REGISTERED

9. A. For each issue of authorized Funded Debt of the registrant, furnish the following information:

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Title of issue</td>
<td>Amount authorized by indenture</td>
<td>Amount outstanding exclusive of that held in treasury of registrant</td>
<td>Amount outstanding as per balance of registrant</td>
<td>Amount in treasury of registrant</td>
<td>Amount pledged by registrant</td>
<td>Amount owned by subsidiaries of registrant</td>
<td>Amount owned by parents of registrant</td>
<td>Amount in sinking fund and other funds of registrant</td>
</tr>
</tbody>
</table>

B. Funded Debt to be offered under this registration:

<table>
<thead>
<tr>
<th>Col. A.</th>
<th>Col. B.</th>
<th>Col. C.</th>
<th>Col. D.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title of issue</td>
<td>Amount authorized or to be authorized by indenture</td>
<td>Amount to be offered</td>
<td>Present status</td>
</tr>
</tbody>
</table>
Form A-2

10. A. For each class of authorized Capital Stock of the registrant, furnish the following information:

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Title of issue including par, or if no par, stated value if any</td>
<td>Amount authorized or outstanding stock or par</td>
<td>Amount of outstanding stock or par</td>
<td>Amount of capital stock or par held in balance</td>
<td>Amount of capital stock or par owned by treasury of registrant</td>
<td>Amount owned by subsidiaries of registrant</td>
<td>Amount owned by parents of registrant</td>
<td>Amount reserved for officers and employees of registrant</td>
<td>Amount reserved for options, warrants, conversions and other rights, excluding amounts under Col. H</td>
</tr>
</tbody>
</table>

B. Capital Stock to be offered under this registration:

<table>
<thead>
<tr>
<th>Col. A.</th>
<th>Col. B.</th>
<th>Col. C.</th>
<th>Col. D.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title of issue including par, or if no par, stated value if any</td>
<td>Amount authorized or to be offered</td>
<td>Amount to be offered status</td>
<td></td>
</tr>
</tbody>
</table>
Form A-2

11. A. For each class of Securities of Other Issuers Guaranteed by the registrant, furnish the following information:

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Name of issuer of securities guaranteed, if stock, par or, if no par, stated value, if any</td>
<td>Title of issue guaranteed, and</td>
<td>Total amount guaranteed</td>
<td>Amount in treasury of issuer of securities guaranteed</td>
<td>Amount in treasury of registrant</td>
<td>Brief statement of nature of guarantee</td>
</tr>
</tbody>
</table>

B. Guarantees to be offered under this registration:

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Name of issuer of securities guaranteed, if stock, par or, if no par, stated value, if any</td>
<td>Title of issue guaranteed, and</td>
<td>Amount of securities to be offered</td>
<td>Brief statement of nature of guarantee</td>
<td>Present status</td>
</tr>
</tbody>
</table>
12. A. For Warrants or Rights granted by the registrant to subscribe for or purchase securities of the registrant, furnish the following information:

(By a footnote refer to any description of conversion and other option rights contained in the registration statement)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Title of issue of securities called for by warrants or rights</td>
<td>Amount of securities called for by each warrant or right</td>
<td>Number of warrants or rights outstanding</td>
<td>Aggregate amount of securities called for by warrants or rights outstanding</td>
<td>Date from which warrants or rights are exercisable</td>
<td>Expiration date of warrants or rights</td>
<td>Price at which warrants or right exercisable</td>
</tr>
</tbody>
</table>

B. Warrants to be offered under this registration:

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Title of issue of securities called for by warrants or rights</td>
<td>Amount of securities called for by each warrant or right</td>
<td>Number of warrants or rights to be offered</td>
<td>Aggregate amount of securities called for by warrants or rights to be offered</td>
<td>Date from which warrants or rights are exercisable</td>
<td>Expiration date of warrants or rights</td>
<td>Price at which warrants or right exercisable</td>
<td>Present status</td>
</tr>
</tbody>
</table>

---
FORM A -2

13. A. If there is any class of securities of the registrant other than those called for by Items 9A, 10A, 11A and 12A, outstanding or authorized, set forth information concerning such securities similar to that required for the securities mentioned.

B. If there is any class of securities, other than those called for by Items 9B, 10B, 11B and 12B, to be offered under this registration, set forth information concerning such securities similar to that required for the securities mentioned.

DESCRIPTION OF SECURITIES

14. Funded Debt, other than that to be offered:

As to each issue, other than that to be offered, set forth in answer to Item 9A, give the title of the issue and furnish the following:

(a) Date of issue.

(b) State the annual amount required for the satisfaction of amortization, sinking fund, redemption and retirement provisions.

(c) Outline briefly the terms of any conversion or voting rights.

(d) State whether secured by any lien, and briefly describe the principal property subjected to such lien.

(e) State whether the respective indenture permits the issuance of further securities, and, if so, state the amount.

(f) If serial, give the plan of serial maturities.

(g) Outline briefly any provisions to maintain any ratio of assets, not to declare dividends, not to secure other issues without securing the particular security, and provisions of a similar character.

(h) If the obligation to pay interest is made dependent upon earnings or other special conditions, outline briefly the provisions applicable thereto.

15. Funded Debt to be Offered:

As to each issue set forth in answer to Item 9B, give the title of the issue and furnish the following:

(a) Date of issue.

(b) Outline briefly the amortization, sinking fund, redemption and retirement provisions, and state the annual amount required for the satisfaction thereof.

(c) Outline briefly the terms of any conversion or voting rights.

(d) State whether secured by any lien, the kind thereof, and briefly describe the property subjected to such lien.

(e) State the priority as to security of the issue registered and briefly state all existing indebtedness secured by liens on the property securing the issue registered, ranking prior to or pari passu with the liens securing the issue registered, and the kind of any such prior or pari passu liens.

(f) If serial, give the plan of serial maturities.

(g) If additional securities of the same issue may be issued under the respective indenture, state the amount thereof and outline briefly the conditions on which such issue can be made.

(h) State the amount of other securities which may be issued, and, if issued, will as to security rank ahead of, or pari passu with, the issue described.
FORM A-2

1. If substitution of any property securing the issue is permitted, outline briefly the principal provisions permitting such substitution, and state whether or not any notice is required in connection with any such substitution.

2. If the obligation to pay interest is made dependent upon earnings or other special conditions, outline briefly the provisions applicable thereto.

3. Name the trustee and state whether the trustee has had a regular course of dealings with the registrant during the past five years. If so, state briefly the nature of such course of dealings.

4. State the names of all directors and officers of the trustee who are also either (1) directors or officers of the registrant, or (2) directors, officers or partners of any principal underwriter of the securities being registered.

5. Outline briefly what rights, if any, are given the trustee or the fiscal agent to engage in other transactions with the registrant or to engage in other dealings in regard to the securities registered.

6. What percentage of security holders is necessary to require the trustee (1) to accelerate the maturity of the security and (2) to enforce the lien thereof? Outline briefly what indemnification the trustee is entitled to require before proceeding to enforce the lien. What percentage of security holders must concur in order to be able to direct the trustee?

7. Outline briefly any provisions for the modification or amendment of the terms of the security or the indenture relating thereto by holders of part of the issue.

8. Stock, other than that to be offered:
   As to each class, other than that to be offered, set forth in answer to Item 16A, give the title of the issue and outline briefly the following:
   (a) dividend rights; (b) limitations in any indentures or other agreements on the payment of dividends; (c) voting rights; (d) liquidation rights; (e) Preemptive rights; (f) subscription rights; (g) conversion rights; (h) redemption provisions applicable thereto; and (i) liability for further calls.

9. Stock, to be Offered:
   As to each class set forth in answer to Item 10B give the title of the issue and furnish the following:
   (a) Give the same information as required by Item 16.
   (b) State whether any portion of the consideration to be received for the stock to be offered is to be credited to an account other than capital, and, if so, who is to make the allocation? If determined, state to what other account to be credited, and the amount per share.

10. Guarantees:
    As to each class of securities of other issuers guaranteed by the registrant, set forth under Item 11A or B, outline briefly the contract of guarantee.

11. Other Securities:
    As to each class of securities set forth in answer to Item 13A or B, outline briefly the rights evidenced thereby.

12. Give the name and address of counsel for the registrant and for the principal underwriters who have passed or are to pass upon the legality of the securities registered hereunder.
UNDERWRITING AND SALES TO OTHER SPECIAL PARTIES

The information required by Items 21 through 26 is to be given as to each class of securities registered hereunder:

21. State whether a firm commitment to take the issue has been made and, if so, the amount received or to be received, and within what period.

22. Give the respective name and address of each principal underwriter and the respective amount underwritten. Identify all such underwriters as are affiliated with the registrant, and state the nature of the affiliation.

23. Outline briefly the material provisions of each underwriting contract with a principal underwriter, and each contract made by the registrant or an affiliate thereof agreeing not to sell securities of the same class as those registered during the period of distribution.

24. Give the information required by the following table (estimate, if necessary).

<table>
<thead>
<tr>
<th>Price to Public</th>
<th>Underwriting Discounts or Commissions</th>
<th>Proceeds to Registrant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per Unit</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

25. State briefly the discounts or commissions to be received by subunderwriters or dealers.

26. List the persons or classes of persons (other than the underwriters as such) to whom securities of any class registered hereunder have been or are to be sold for a consideration varying from that at which the securities are to be sold to the general public, naming such persons or specifying each class, and stating the consideration to be given by each.

PROCEEDS AND THE APPLICATION THEREOF

The information required by Items 27, 28 and 29 is to be given with respect to proceeds to be received, or received within one year, by the registrant from the sale of the securities registered:

27. (a) Total proceeds (estimated, if necessary), after deduction of underwriting discounts or commissions, but before deduction of other expenses. $ ___

(b) A reasonably itemized statement of other expenses of the registrant in connection with the sale of the securities. $ ___

(c) Net proceeds after deducting expenses itemized under (b). $ ___

28. Furnish a reasonably itemized statement of the approximate amount devoted to each purpose, so far as determinable, for which the net proceeds have been or are to be used.

29. Give the information required below as to any property acquired or to be acquired in whole or in part, directly or indirectly, not in the ordinary course of business, in consideration of any of the securities registered or of all or any part of the proceeds thereof:

(a) General character and location of such property.
(b) The names and addresses of the persons from whom acquired or to be acquired, specifying their relationship to the registrant, if any.

(c) The allocation of the consideration given or to be given in connection with each such acquisition, reasonably itemized.

MANAGEMENT AND CONTROL

30. (a) Names and addresses of all persons who are, or are chosen to become, directors and officers of the registrant. Indicate the office held.

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Office</th>
</tr>
</thead>
</table>

(b) State as to each such person named as chosen to become a director or officer whether he has consented thereto.

31. Describe briefly the business experience of the principal executive officers for the last five years.

32. Dates of, parties to, and general effect briefly and concisely stated of all material management and general supervisory contracts now in effect providing for management of, or services to, the registrant.

33. Give the information required below for all persons owning of record or beneficially more than ten per cent of any class of voting stock of the registrant.

<table>
<thead>
<tr>
<th>Owner of record</th>
<th>Beneficial owner (if known)</th>
<th>Title of issue</th>
<th>Amount owned</th>
<th>Percent of class</th>
</tr>
</thead>
</table>

34. The following information as to the registrant’s securities owned of record or beneficially by each director and officer of the registrant, each underwriter named in answer to Item 22, and each security holder named in answer to Item 33.

<table>
<thead>
<tr>
<th>NAME</th>
<th>POSITION</th>
<th>Securities owned (approximately one year previous)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Title of Issue</td>
</tr>
</tbody>
</table>

35. Full particulars as to the nature and extent of any substantial interest of every director, principal executive officer, underwriter named in answer to Item 22, affiliate, and of every security holder named in answer to Item 33, in any property acquired within two years, or proposed to be acquired, not in the ordinary course of business. Include the cost of any such property to any such person.

36. Give the information required below in tabular form concerning the aggregate remuneration paid by the registrant and its subsidiaries, directly or indirectly, to the following persons in all of their capacities.

(a) The name and aggregate remuneration of each director of the registrant.

(b) The name and aggregate remuneration of each of the officers of the registrant receiving the three highest aggregate amounts of remuneration.
(c) The aggregate remuneration of all other officers of the registrant, whatever the amount of the respective remuneration of each; indicate the number of such officers without naming them.

(d) The aggregate remuneration of all employees of the registrant who, respectively, received remuneration from the registrant in excess of $20,000 during the past fiscal year; indicate the number of such employees without naming them.

<table>
<thead>
<tr>
<th>Name, or number of persons not named</th>
<th>Capacities in which remuneration was received</th>
<th>Aggregate remuneration during registrant's past fiscal year</th>
</tr>
</thead>
</table>

37. Give the information required below in tabular form concerning the aggregate remuneration paid by the registrant, directly or indirectly, to any person, other than a director, officer or employee, whose aggregate remuneration from the registrant, in all capacities, exceeded $20,000 during the past fiscal year.

<table>
<thead>
<tr>
<th>NAME</th>
<th>Capacities in which remuneration was received from the registrant</th>
<th>Aggregate remuneration during registrant's past fiscal year</th>
</tr>
</thead>
</table>

RECENT SALES OF SECURITIES BY REGISTRANT

38. For all securities of the registrant sold by the registrant to any person, other than employees within two years, furnish the following information:

(a) Title of issue, and if stock, the par or, if no par, stated value, if any.

(b) Amount sold.

(c) Date of sale.

(d) Aggregate net cash proceeds, or the nature and aggregate amount of any consideration other than cash, received by the registrant.

(e) Names of principal underwriters, if any, indicating any such underwriters as are affiliates of the registrant.

OPTIONS

39. As to any securities subject or to be subject to options to purchase from the registrant, (a) state the amount, with the title of the issue, called for by such options; (b) outline briefly the prices, expiration dates, and other material conditions on which such options may be exercised; (c) give the name and address of each person allotted or to be allotted options calling for more than five per cent of the total amount subject to option, and give the amount called for by the options of each such person; and (d) for each such class of options granted within two years state the consideration for the granting thereof.

MISCELLANEOUS

40. Outline briefly the substance of the claims involved in, and state the title of, any material pending legal proceeding to which the registrant or one of its subsidiaries is a party or of which property of the registrant or of one of its subsidiaries is the subject, if such proceeding departs from the ordinary routine litigation incident to the kind of business conducted by the registrant or its subsidiaries, as the case may be; make a similar statement as to any such proceeding known to be contemplated by governmental authorities.
41. Dates of, parties to, and general effect briefly and concisely stated of every material contract not made in the ordinary course of business, to be performed in whole or in part at or after the filing of the registration statement or made not more than two years before such filing. Only such contracts need be set forth as to which the registrant or a subsidiary of the registrant is a party or has succeeded to a party by assumption, assignment or otherwise, or has a beneficial interest.

42. Briefly describe any material patent, material patent right, or material contract for a patent right, if the proceeds of the security registered are to be used for the particular purpose of acquiring or developing such patent, patent right, or contract for a patent right.

43. With respect to each denial by a governmental regulatory body, in a proceeding to which the registrant or a principal underwriter was a party or received notice, affecting the right to sell securities issued by the registrant, set forth briefly the grounds and terms of the denial, and any subsequent modification thereof.

44. If any expert named in the registration statement as having prepared or certified any part of the statement (a) has any interest of a substantial nature in the registrant or any affiliate thereof or is to receive any such interest as a payment for such statement or (b) is an officer or employee of the registrant or any affiliate thereof, or (c) has been employed upon a contingent basis; furnish a brief statement of the nature of such interest, office, employment or contingent basis.

HISTORICAL FINANCIAL INFORMATION

45. Furnish the information required below as to the respective captions on the registrant's balance sheet, the balance sheet of the registrant and its subsidiaries consolidated, and each individual or group balance sheet required to be furnished for unconsolidated subsidiaries:

(a) If, since January 1, 1922, there have been any increases or decreases in Investments, in Property, Plant and Equipment, or in Intangible Assets, resulting from substantially revaluing such assets, state:

(i) In what year or years such revaluations were made.

(ii) The amounts of such write-ups or write-downs, and the accounts affected, including the contra entry or entries.

(iii) If in connection with such revaluations any adjustments were made in related reserve accounts, state the accounts and amounts with explanations.

(b) If, since January 1, 1922, there have been restatements of Capital Stock, state the amounts of such restatements, and the contra entries. If, since January 1, 1922, there has been an original issue of Capital Stock any part of the proceeds of which was credited to surplus, state such amount.

(c) If, since January 1922, any substantial amount or amounts of Bond Discount and Expense, on issues still outstanding, have been written off earlier than as required under any periodic amortization plan, give the following information: (a) issue of issue; (b) date of such write-off; (c) amount written off; (d) to what account charged.

46. Give the names of any independent public or independent certified public accountants who have certified financial statements for the registrant since January 1, 1922.
This registration statement comprises:

(1) The registration statement proper, containing pages numbered consecutive, and insert pages numbered.

(2) The following financial statements and schedules:

(3) The following exhibits:

(4) The prospectus, consisting of pages.

SIGNATURES

(a) Of the Issuer.

In pursuance of the requirements of the Securities Act of 1933, the registrant, a corporation organized and existing under the laws of , has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, and its seal to be hereunto affixed and attested, all in the city of and State of on the day of , 19 .

By (Title)

By (Title)

(SEAL)

Attest:

(Titl)
(b) Of the Principal Executive Officer or Officers, the Principal Financial Officer and the Comptroller or Principal Accounting Officer:

In pursuance of the Securities Act of 1933, the undersigned have signed the within registration statement on the respective dates set beside their names.

(i) Principal executive officer or officers:

(Title) (Date)

(Title) (Date)

(Title) (Date)

(ii) Principal financial officer:

(Title) (Date)

(iii) Comptroller or principal accounting officer:

(Title) (Date)

(c) Of the Directors:

In pursuance of the Securities Act of 1933, the undersigned have signed the within registration statement on the respective dates set beside their names.

(Date)

(Date)

(Date)

(Date)

(Date)

(Date)

(Date)

(d) Of the Duly Authorized Representative in the United States:

In pursuance of the Securities Act of 1933, the undersigned has signed the within registration statement on the ___ day of ___, 19__.
EXHIBIT 2
APPENDIX II
For Release in MORNING Newspapers Tuesday, January 21, 1936.

SECURITIES AND EXCHANGE COMMISSION
Washington

SECURITIES ACT OF 1933
Release No. 630 (Class C)

Amendment to Form C-1

The Securities and Exchange Commission, finding that any information or documents specified in Schedule A of the Securities Act of 1933, as amended, which are not required to be set forth in Form C-1, as hereby amended, are inapplicable to the class of securities to which such form is appropriate, and that disclosure fully adequate for the protection of investors is otherwise required to be included in the registration statement, and that such information and documents as are required by Form C-1, as hereby amended, but which are not specified in Schedule A, are necessary and appropriate in the public interest and for the protection of investors, acting pursuant to authority conferred upon it by the Securities Act of 1933, as amended, particularly Sections 7 and 19 (a) thereof, hereby amends Form C-1 as follows:

1. By deleting from page 1 of the form the caption "UNINCORPORATED INVESTMENT TRUSTS NOT HAVING A BOARD OF DIRECTORS (OR PERSONS PERFORMING SIMILAR FUNCTIONS) OF THE FIXED OR RESTRICTED MANAGEMENT TYPE HAVING A DEPOSITOR OR SPONSOR", and inserting in lieu thereof the following:

"RULE AS TO THE USE OF FORM C-1

"This form is to be used for registration under the Securities Act of 1933, as amended, of securities of unincorporated investment trusts of the fixed or restricted management type, having a depositor or sponsor but not having a board of directors or persons performing similar functions."

2. By deleting footnote (1) on page 1 of the form.

These amendments shall be effective immediately upon publication.

---00---

NAME AND ADDRESS OF PERSON WHO IS AUTHORIZED TO RECEIVE SERVICE AND NOTICE OF ALL NOTICES AND ORDERS WHICH MAY BE ISSUED BY THE FEDERAL TRADE COMMISSION RELATING TO THIS REGISTRATION STATEMENT:
Form C-1

FEDERAL TRADE COMMISSION
SECURITIES DIVISION
WASHINGTON, D.C.

REGISTRATION STATEMENT

INVESTMENT TRUSTS

NAME OF DEPOSITOR:
ADDRESS:

NAME OF SPONSOR:
ADDRESS:

NAME OF TRUSTEE:
ADDRESS:

NAME OF TRUST:

TYPE OF ISSUE:

NUMBER OF CERTIFICATES FOR WHICH THIS REGISTRATION STATEMENT IS FILED:

AGGREGATE OFFERING PRICE:

AMOUNT OF FEE:

DATE OF PROPOSED PUBLIC OFFERING:

NAME AND ADDRESS OF PERSON WHO IS AUTHORIZED TO RECEIVE SERVICE AND NOTICE OF ALL NOTICES AND ORDERS WHICH MAY BE ISSUED BY THE FEDERAL TRADE COMMISSION RELATING TO THIS REGISTRATION STATEMENT:
UNINCORPORATED INVESTMENT TRUSTS NOT HAVING A BOARD OF DIRECTORS (OR PERSONS PERFORMING SIMILAR FUNCTIONS) OF THE FIXED OR RESTRICTED MANAGEMENT TYPE HAVING A DEPOSITOR OR SPONSOR

The following questions apply as indicated to the trust, to the trustee, to the depositor or sponsor, and should be answered fully. If the answer to any question is not available or known, so state and explain.

INFORMATION CONCERNING THE TRUST

1. Full name of the trust.

2. Full name of the certificates for which this registration statement is filed.

3. Name and address of counsel who has rendered an opinion regarding the legality of the certificates for which this registration statement is filed.

4. The date of the execution of the trust agreement.

5. The number, if any, of certificates of the trust now outstanding.

6. State the aggregate offering price at which the certificates are offered for which this registration statement is filed. This offering price shall be the equivalent of the selling price of these certificates to the public as of a specified day within 15 days prior to the filing of the registration statement, computing such selling price upon the same basis as that at which the certificates are to be offered to the public. The aggregate offering price is the product of the offering price per certificate as above defined and the number of certificates for which this registration statement is filed. (The fee payable for registration, if in excess of $25, is one one-hundredth of 1 percent of the aggregate offering price.)

7. The proposed date of initial public offering of the certificates for which this registration statement is filed.

8. Are the certificates in bearer or registered form?

9. If such certificates are or may be registered, state the name of the registrar.

10. Are the certificates of the cumulative or distributive type?

11. If the trust is of the unit type, furnish a list of the securities composing a unit as of a date within 15 days prior to the filing of this registration statement, and state the number of certificates issued against each unit.
12. If the trust is not of the unit type, state the composition of the trust property as of a date within 15 days prior to the filing of the registration statement.

13. Explain how and by whom the securities or other property composing the trust are purchased.

14. What limitations, if any, are expressly placed upon those making purchases for the trust as to purchases from the depositor or sponsor, or from the officers or directors of the depositor or sponsor, or from persons in whom such depositor or sponsor, its officers or directors, are officers, directors, or stockholders. If no such express limitations exist, make a specific statement to that effect.

15. State the conditions, if any, upon which securities or other property held in the trust may be eliminated therefrom, and the disposition made of the proceeds thereof.
16. State the conditions, if any, upon which securities or other property may be substituted for or added to the securities comprising the trust.

17. What disposition is made of stock dividends, rights, split ups, and the like, derived from the deposited property?

18. If sold, what express limitations does the trust indenture place upon the length of time that stock dividends, rights, split ups, and the like may be held before sale, and what disposition is made of the proceeds thereof? If no such governing provisions are contained in the trust indenture, what is or will be the practice with reference thereto?

19. State concisely the provisions, if any, for giving certificate holders the right to exercise a vote in respect of the securities held in the trust.

20. If certificate holders do not have or do not exercise such voting rights, state by whom such rights are exercised.
21. If any periodic distributions have been made to certificate holders within the last 3 years prior to the date of this registration statement, show for each such distribution the dates, amounts, and sources thereof applicable in respect of each certificate.

22. If any special distributions have been made to certificate holders within the last 3 years prior to the date of this statement, show for each such distribution the dates, amounts, and sources thereof applicable in respect of each certificate.

23. State the proposed dates, if any, upon which periodic distributions are to be made to the holders of certificates, by whom such distributions are to be made, in what manner, and from what funds.

24. Explain the procedure in connection with the disposition and custody of the income of the trust from the time of its receipt until its distribution, and if any interest accrues thereon, explain the treatment thereof. If any person has the use of any undistributed income of the trust without interest for any period, state specifically the person and the circumstances.
25. Explain every sum that is or may be, directly or indirectly, deducted or set aside for any purpose (other than as a reserve) from the trust property, including the income therefrom, the purpose of such deduction, the person to whom paid, or, if held, by whom held, and the provisions for its ultimate disposition.

26. Explain every sum that is or may be, directly or indirectly, deducted or set aside as a reserve from the trust property, including the income therefrom, the object of such reserve, the person by whom held, and the provisions for its ultimate disposition.

27. State whether the depositor, sponsor, trustee, or any other person has or may create a lien on the trust property, and if so, give full particulars thereof.

28. State the terms and conditions upon which a holder of the trust certificates may terminate his interest; the charges for termination and to whom such charges are paid; and by whom and the method by which the value of the certificates is determined.
29. State how, the date when, and under what circumstances the trust is to be, or may be, terminated as an entirety.

30. If the trust may be extended as an entirety beyond the termination date, state how and under what circumstances.

31. Describe the method by which, and name the person by whom, the trust will be liquidated upon its termination as an entirety.

32. State all charges or deductions which may be made for, or in connection with, such liquidation and to whom paid and the purpose therefor.
33. Describe the method by which notice is to be given the holders of certificates of the termination or proposed termination of the trust as an entirety.

34. Explain what disposition is to be made of unclaimed funds upon the termination of the trust. When will such funds be regarded as unclaimed so as to permit of their disposition?

35. State the percentage that the aggregate annual maintenance charges and deductions bear to the dividend and interest income from the trust property on the basis of dividend and interest income thereon during the 3 latest fiscal years, year by year, or, if the trust has not been in existence for such period, then the period for which the trust has been in existence, year by year. If the date of the filing of the registration statement is more than 90 days after the close of the last fiscal year, submit a similar statement from such closing date to the latest practicable date.

36. State the method by which the price of the certificates to be sold is calculated, giving a full statement of all of the component parts thereof including the so-called "service" or "loading" charge.
37. Explain what adjustments are made in the offering price to absorb any variation between the price as computed according to item 36 and the actual offering price.

38. State the "service" or "loading" charge in terms of a percentage of the actual market value of the underlying securities, as of a date within 15 days prior to the filing of this registration statement. If odd-lot premiums, commissions, or the like, are included in the determination of the market value of the underlying securities, make a specific statement to that effect, explaining concisely the basis upon which such premiums, commissions, or the like are computed.

39. Name the person or classes of persons participating, directly or indirectly, in the "service" or "loading" charge, and state the percentage of such charge received by each.

40. If any component part of the offering price consists of brokerage, commissions, odd-lot premiums, or other items of expenditure (other than the service or loading charge), state whether the items named are actually paid by the depositor or sponsor, and, if not, explain fully.
41. State the percentage that the odd-lot premiums, included in the value of the underlying securities comprising a unit, bear to the market value of the underlying securities, as of a date within 15 days prior to the filing of this registration statement, excluding from such value the odd-lot premiums but including therein customary round-lot brokerage or commissions. If such percentage, when charged against any particular underlying security, exceeds 5 percent of the value of such security (computed as above), name such securities and the percentage charged against each.

42. Give the dates of, parties to, and general effect of, every material contract affecting, directly or indirectly, the trust which contract is to be performed in whole or in part at or after the filing of this registration statement.

43. Describe briefly the frequency, nature, and scope of reports to certificate holders.
44. Give the name and address of the independent certified or public accountant, if any, preparing and certifying audits or examinations of accounts of the depositor and of the trust property, together with the scope, frequency, and regularity thereof.

45. Describe briefly the general plan for the distribution of the certificates for which this registration statement is filed.

46. If there is any variation in the price at which any portion of the certificates is proposed to be offered to any person or classes of persons (other than the underwriters), give a list of such persons or classes of persons, naming them, and state the amount of such variation or variations.

47. State what reinvestment rights are available to certificate holders.
48. Give details of every denial or restriction by any State regulatory body of the right to sell certificates issued under this trust.

49. Are the certificates for which this registration statement is filed payable in installments, or are investment contracts or similar obligations to be sold in connection with the sale of interests in the trust?

50. If the answer to the question next above is in the affirmative, attach as an exhibit a transcript of an investor's account over the period for which the installment payments or investment contracts run, showing the amount of the monthly or periodical payments, all deductions made therefrom and the purposes therefor, and the amount available for investment. Attach as an exhibit also in parallel columns, as of the end of each installment period, the total amount paid in (computing in such total interest upon the sums paid in at the rate of 3 percent, compounded semiannually, less any actual payments made or payable to the investor), and the cash surrender or cancelation value of the investor's rights under the installment purchase plan or investment contract.

51. If more than 25 percent of the total assets of the trust, or of any unit thereof, consists of securities issued by one issuer and/or its subsidiary and/or affiliate, submit all of the data relative to such issuer, subsidiary, and/or affiliate, as would be required by Form A-1, as a separate exhibit, unless such data were originally filed with the Commission as of the time of the issuance of such securities.

INFORMATION CONCERNING THE TRUSTEE

52. Name and address of the trustee.

53. State the initial fees paid or to be paid to the trustee and the source of their payment.
54. State how the continuing charges of the trust, including all periodic fees and expenses, have been and will be paid during the life of the trust, explaining in detail how such charges are determined.

55. If any of the fees and charges specified in items 53 and 54 are borne by the depositor or some other person, state that fact specifically and furnish information as to the ability of the depositor or such other person to meet these charges throughout the life of the trust.

56. If there is any arrangement whereby any compensation paid or purported to be paid to the trustee is shared, directly or indirectly, with any other person, set forth the terms and conditions thereof.

57. If the trustee may be removed under the terms of the trust agreement, state by whom, how, and under what circumstances.
58. If the trustee may resign under the terms of the trust agreement, state how and under what circumstances.

59. In the event of the removal or resignation of the trustee, state the procedure for the appointment of a successor and state who bears the expense thereof. In the absence of any trustee, state the procedure to be followed.

60. State briefly the duties and responsibilities of the trustee, and any express limitation on the liability of the trustee, including the provisions of the trust agreement, if any, in respect to matters on which the trustee may be entitled to rely on opinion of counsel.

61. Furnish information as to the ability of the trustee to perform the duties imposed upon him under the trust.
62. If any duties and responsibilities (other than clerical or purely ministerial) imposed upon or required of the trustee in connection with the proper conduct of the trust are performed by others than the trustee, state the character of such duties and by whom performed.

63. Furnish information as to the ability of the persons to perform the duties and responsibilities mentioned in item 62 throughout the life of the trust.

INFORMATION CONCERNING THE DEPOSITOR

64. Name and address of the depositor.

65. Form and style of the organization of the depositor, such as individual, corporation, partnership, etc.

66. Name of the State or other sovereign power under which the depositor is organized or incorporated.

67. Names and addresses of the directors of the depositor or persons performing similar functions and of its chief executive, financial, and accounting officers, specifying the office held by each.

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<tr>
<th>Name</th>
<th>Address</th>
<th>Office Held</th>
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68. If the depositor is a partnership, state the name and address of each partner.

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<th>Name</th>
<th>Address</th>
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69. Give the amount of shares in the trust owned of record and beneficially, if known, by each of the directors of the depositor or persons performing similar functions, and by its chief executive, financial and accounting officers as of a date within 15 days prior to the filing of the registration statement, and, if possible, as of 1 year prior thereto.

As of a date within 15 days prior to the filing of the registration statement:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position in organization</th>
<th>Kind of security</th>
<th>Number</th>
<th>Aggregate liquidating value</th>
</tr>
</thead>
</table>

1 Record as used herein, wherever bearer certificates are employed, shall be the equivalent of registration.

As of a date approximately 1 year prior to the date named above:

<table>
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<tr>
<th>Name</th>
<th>Position in organization</th>
<th>Kind of security</th>
<th>Number</th>
<th>Aggregate liquidating value</th>
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</table>

70. What other trust issues has the depositor created?

71. Under which of the trust issues mentioned in 70 is the depositor still creating trust certificates?
72. If any of the directors (or persons performing like functions), partners, or officers of the depositor are directors, partners, or officers of any person issuing securities held in the trust, name such directors, partners, and officers and state their relationship to such persons.

73. If any of the directors (or persons performing like functions), partners, or officers of the depositor are directors, partners, or officers (or were directors, partners, or officers at the time of the underwriting herein mentioned) of any person who was an underwriter to any of the securities held in the trust, name such directors, partners, and officers and state their relationship to such person.

74. Give a statement of the total remuneration, paid or estimated to be paid, by the depositor, its subsidiaries or affiliates, or their predecessors, directly or indirectly, during the past and ensuing year to each director (or person performing similar functions), and also whenever the total remuneration from all such sources paid or estimated to be paid to any other person exceeds $25,000 per year, name each such person and state each such amount.

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<tr>
<th>Name</th>
<th>Office</th>
<th>Total remuneration</th>
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<td>During past year</td>
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<td>During ensuing year</td>
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75. Give the names and addresses of the 10 largest certificate holders of record and/or beneficially, if known, of the trust as of a date within 15 days prior to the filing of this registration statement, and, if possible, as of a date approximately 1 year prior thereto, naming them and the respective amounts held.

As of a date within 15 days prior to the filing of this registration statement:

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<thead>
<tr>
<th>Name</th>
<th>Number of shares held *</th>
<th>Aggregate liquidating value thereof</th>
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<tr>
<td>1</td>
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As of a date within 1 year prior to the date given above:

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<tr>
<th>Name</th>
<th>Number of shares held *</th>
<th>Aggregate liquidating value thereof</th>
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</thead>
<tbody>
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</table>

76. State whether the depositor can assign his rights and obligations under the trust agreement, and, if so, under what conditions.

77. If the sponsor of the certificates for which this registration statement is filed is other than the depositor, give information concerning the sponsor, not hereinbefore required, similar to that concerning the depositor in items 64 to 76, inclusive.
EXHIBITS REQUIRED TO ACCOMPANY THIS STATEMENT

A. A copy of the trust agreement or indenture covering the certificate for which this registration statement is filed.
B. Copies of all contracts referred to in item 42.
C. A copy of the certificates for which this registration statement is filed.
D. A copy of the “price make-up sheet” showing the calculation of the offering price required under item 36.
E. Copies of any contracts or class of contracts used or to be used between the sponsor or depositor and underwriter or dealers relating to the sale or distribution of the certificates for which this registration statement is filed.
F. A copy of the certificate of incorporation of the depositor with all amendments thereto. If the depositor is not a corporation submit corresponding documents.
G. A copy of the bylaws of the depositor with all amendments thereto.
H. Copies of orders of all State regulatory bodies by which any certificates of the trust were or are denied or restricted in the right to be sold, mentioned in item 48.
I. A copy of the legal opinion, respecting the legality of the certificates for which this registration statement is filed.
J. The consent of counsel for the use of the opinion mentioned in exhibit I.
K. The consent of the accountant to use any balance sheet and profit and loss statements included in this registration statement.
L. Consent of any other expert named as having prepared or certified any part of this registration statement, or as having prepared or certified a report or valuation for use in this registration statement, for the use of such statement, report, or valuation.
M. Copy of latest report to certificate holders.
N. Any other exhibits deemed material to the subject matter of this registration statement.
O. Submit a balance sheet of the trust assets and liabilities as of a date not more than 90 days prior to the date of the filing of this registration statement. If such balance sheet be not certified by an independent public or certified accountant, in addition to such balance sheet, submit a balance sheet of the trust assets and liabilities certified by an independent public or certified accountant of a date not more than 1 year prior to the filing of this registration statement. Such balance sheets shall be in a form substantially as follows:

BALANCE SHEET

Statement of Trust Assets and Liabilities

Assets: 1

- Stocks at market. 2
- Bonds at market. 2
- Other securities at market. 2
- Accrued interest.
- Accrued dividends.
- Stock dividends. 3
- Stock rights. 3
- Stock splitups (held as receivables). 3
- Cash in hands of trustee.
- Other assets (specify).

Liabilities and Capital:
- Trust certificates outstanding (number and value).
- Funds to be distributed to certificate holders at next distribution date.
- Reserves.
- Other liabilities (specify).
- Surplus.

Auditor’s Certificate

Submit here certification by an independent public or certified accountant in accord with article 15 of the Commission’s rules.

P. Submit profit and loss statements of the trust for the latest fiscal year for which such statement is available and for the two preceding fiscal years. If the date of the filing of the registration statement is more than six months after the close of the last fiscal year, submit a statement from such closing date to the latest practicable date. Such statements shall be certified by an independent public or certified accountant. Such statements shall be in a form approximately as follows:

---

1 Furnish also a complete list of the companies whose securities compose the trust property, showing the number and kind of the securities of each company and the market price as of the date of the balance sheet.
2 Furnish also the cost price of these securities.
3 State the basis for the valuation of these assets.

18-1124
PROFIT AND LOSS STATEMENT OF THE TRUST

INCOME:
Interest earned.
Cash dividends.
Sale of stock dividends, rights, etc.
Profit or loss on sale of capital assets (supply supporting schedule).
Other income (specify).

TOTAL INCOME.

EXPENSES:
Taxes.
Trustee's fees.
Trustee's expenses.
Insurance.
Legal.
Auditing.
Other expenses (specify).

TOTAL EXPENSES.

NET INCOME:
Disposition of above net income.
Dividends to be distributed.
Transfers to surplus and reserve (specify).
Other distributions to be made (specify).
Balance.

AUDITOR'S CERTIFICATE
Submit here certification by an independent public or certified accountant in accord with article 15 of the Commission's rules.

Q. Submit balance sheets of the depositor and/or sponsor as of the last day of the fiscal year prior to the filing of the registration statement for which year a balance sheet has been prepared, and if such day is more than ninety days prior thereto, a balance sheet of a date within ninety days prior thereto. Such balance sheets shall be in a form substantially as follows:

BALANCE SHEET OF DEPOSITOR

ASSETS:
Cash (including time deposits and call loans).
Accounts receivable.
Notes receivable.
Marketable securities (at cost).
Securities of trust (at cost).
Special deposits.
Investments in affiliated companies.
Due from affiliated companies.
Furniture and fixtures.
Deferred charges.

TOTAL ASSETS.
LIABILITIES AND CAPITAL:
Notes or loans payable—Banks.
Notes or loans payable—Others.
Accounts payable—Dealers.
Accounts payable—Others.
Due to affiliated companies.
Reserves.
Capital stock:
    Preferred.
    Less Treasury stock.
    Common.
    Less Treasury stock.

TOTAL OUTSTANDING STOCK.
Surplus:
    Paid in surplus.
    Capital surplus.
    Earned surplus.

TOTAL LIABILITIES AND CAPITAL.

AUDITOR’S CERTIFICATE

Submit here certification by an independent public or certified accountant in accord with article 15 of the Commission’s rules. Such certification may be of one only of the foregoing balance sheets, but that one must be as of a date not more than fifteen months prior to the date of the filing of this registration statement.

R. A copy of the form of prospectus proposed to be issued in connection with the certificates for which this registration statement is filed and a copy of complete reconciliation and tie-up with the Registration Statement, prepared in accordance with Articles 16 and 17 of the Rules and Regulations.
SIGNATURE OF THE ISSUER

A. If a corporation:

[SEAL]

By ........................................... (Title)

By ........................................... (Title)

Attest:

........................................... (Title)

Principal Executive Officer.

Principal Financial Officer.

 Principal Accounting Officer.


A Majority of the Board of Directors.

B. If a partnership. (All members thereof should sign):


Published 10/26/35

FORM C-2

FOR

CERTAIN TYPES OF CERTIFICATES OF INTEREST IN SECURITIES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C.

REGISTRATION STATEMENT

UNDER

SECURITIES ACT OF 1933

Name of Depositor.

Title of Certificates of Interest.

Title of deposited securities and name of issuer thereof.

Amount of Certificates of Interest for which this registration statement is filed.

Amount of filing fee.

Approximate date of proposed public offering.

Name and address of person authorized to receive notices and communications from the Securities and Exchange Commission.
Rule as to the use of Form C-2

This form is to be used for registration under the Securities Act of 1933 of certificates of interest in securities of a single class of a single issuer, if the following conditions exist:

1. The major part of the certificates are to be sold to the public for cash;

2. Under the terms of the deposit agreement the Depositor (as defined below) has no rights or duties as depositor, subsequent to the deposit of the securities with the depositary;

3. Under the terms of the deposit agreement the power to vote or give a consent with respect to the deposited securities may be exercised only by, or pursuant to the instructions of, the holders of the certificates of interest, except a power, if any, to vote to effect a split-up of deposited stock in such manner as to cause no change in the aggregate capital stock liability of the issuer of the deposited securities;

4. The securities deposited by the Depositor are registered under the Securities Act of 1933 in connection with the sale of the certificates of interest.

Definitions

Unless the context clearly indicates the contrary, all terms used in this Form C-2 have the same meaning as in the Securities Act of 1933, as amended, and in the general Rules and Regulations of the Commission thereunder. In addition, the following definitions apply, unless the context clearly indicates the contrary:

The term "Company" means the issuer of the securities deposited with the depositary, whether such issuer be a corporation, trust, or other organization.

The term "Depositor" means the person or persons who deposit with the depositary the securities against which certificates are sold to the public for cash.

Organization

1. Date of execution of the deposit agreement.

2. Amount of certificates authorized to be issued under the deposit agreement.

3. The amount of certificates outstanding.

4. The amount of the deposited securities represented by each certificate.

5. The amount of securities deposited or presently to be deposited by the Depositor.
THE DEPOSITOR

6. Name, address, and type of organization of the Depositor.

7. State whether or not the Depositor was the owner of the securities deposited by it at the time of deposit, and if not, state the interest of the Depositor and of any other person in such securities.

8. As to any securities being deposited by the Depositor which were acquired by it within two years, describe briefly the transaction in which such securities were acquired, stating the cost.

9. State whether or not, under the terms of the deposit agreement, the Depositor has any rights or duties as Depositor subsequent to the deposit of the securities with the depositary.

DEPOSIT AGREEMENT

10. Outline briefly the principal provisions of the deposit agreement concerning:

(a) The power to vote the deposited securities, distinguishing clearly between the power of the certificate holders and the power of the depositary.

(b) The amendment, extension, or termination of the deposit agreement.

(c) The publication or mailing to certificate holders of reports with respect to the business and financial condition of the Company.

11. Outline briefly the principal provisions of the deposit agreement concerning the powers of the depositary to:

(a) Exchange or otherwise dispose of the deposited securities.

(b) Deal with interest, dividends, rights, or securities received in respect of the deposited securities, and the proceeds thereof.

12. Outline briefly the principal provisions of the deposit agreement concerning the right of certificate holders:

(a) To withdraw deposited securities, and the charges payable upon such withdrawal.

(b) To remove the depositary and designate and remove successor depositaries.

(c) To inspect the transfer books of the depositary and the list of certificate holders.

13. Outline briefly the principal provisions of the deposit agreement regarding the rights of persons other than the Depositor to deposit securities under the deposit agreement.

14. Outline briefly any other material provisions of the deposit agreement.

THE DEPOSITARY

15. Name of depositary.


17. Give the following information as to the provisions of the deposit agreement governing remuneration for services to be rendered by the depositary:

| Type of Service | Amount of Fee | By Whom to be Paid |
18. Outline briefly the principal provisions of the deposit agreement limiting the liability of the depositary.

This registration statement comprises:

(1) The registration statement proper, containing pages numbered _____ to _____, consecutively, and insert pages numbered _____________.

(2) The following exhibits:

(3) The prospectus, containing _____ pages.

SIGNATURES

EXHIBITS

Subject to the regulations permitting incorporation by reference, the following exhibits shall be filed as a part of the registration statement:

EXHIBIT "A" - A copy of the deposit agreement.

EXHIBIT "B" - A copy (specimen, if available) of the certificate of interest.

EXHIBIT "C" - If the depositary is not a bank or trust company, a copy of the balance sheet of the depositary as last published or made available generally to its security holders.
FILING FEE (the fee is to be calculated as one one-hundredth of 1 per centum of the market value (as of an indicated day within 15 days prior to the filing of this registration statement) of the securities to be called for deposit, or, if there be no market value, one one-hundredth of 1 per centum of one third of the face, par, or if no par, stated value of the securities to be called for deposit. In no case shall the fee be less than $25).
FEDERAL TRADE COMMISSION
SECURITIES DIVISION
WASHINGTON, D.C.

REGISTRATION STATEMENT

CERTIFICATES OF DEPOSIT

NAME OF ISSUER OF SECURITIES TO BE CALLED FOR DEPOSIT:

TYPE OF ISSUE OR ISSUES TO BE CALLED:

AMOUNT OF SUCH ISSUE OR ISSUES:

NAME OF COMMITTEE OR OTHER PERSON CALLING FOR DEPOSITS:

ADDRESS OF COMMITTEE OR SUCH OTHER PERSON:

DATE OF PROPOSED CALL FOR DEPOSIT:

NAME AND ADDRESS OF PERSON WHO IS AUTHORIZED TO RECEIVE SERVICE AND NOTICE OF ALL NOTICES WHICH MAY BE ISSUED BY THE FEDERAL TRADE COMMISSION RELATING TO THIS REGISTRATION STATEMENT:

FILING FEE (the fee is to be calculated as one one-hundredth of 1 per centum of the market value (as of an indicated day within 15 days prior to the filing of this registration statement) of the securities to be called for deposit, or, if there be no market value, one one-hundredth of 1 per centum of one third of the face, par, or if no par, stated value of the securities to be called for deposit. In no case shall the fee be less than $25):
Calculation of filing fee:

\[(a) \text{ Market value (if any)} \]
\[\text{or}\]
\[\text{(b) Face, par, or stated value} \]

Indicate basis used:

\[(c) \text{ One third of this}\]
\[(d) \text{ Filing fee (1/100 of 1 percent of (a) or (c), whichever is used, but not less than $25)}\]

Note.—In registering certificates of deposit issued in anticipation of or in connection with a plan of reorganization or readjustment, form D-1 shall be used. If a plan of reorganization or readjustment is proposed at the time the call for deposits is to be made, parts I and II of form D-1 should be filed at the same time. If no such plan is proposed at the time the call for deposits is to be made, part I may be filed alone, and part II must then be filed before the plan is submitted to the security holders or deposits are solicited under the plan. Part II is an amendment of part I and as such shall become effective on such date as the Commission may determine, having due regard to the public interest and the protection of investors.

In the event that a registrant is exempted from the necessity for filing part I, he may nevertheless file part II.

Before the issuance of the securities provided in the plan of readjustment or reorganization, form D-2 is to be filed by the issuer of such securities, unless exempted from the necessity of such filing by the act.

The following questions apply as indicated to the issuer, the person to be reorganized, the depositary, and the security holders.

This form should be made out and signed by the issuer as provided by the act. The term “issuer” as used herein means the person or persons proposing to call for deposit the securities of the original issuer. The term “original issuer” means the person or persons that issued the securities the deposit of which is solicited.

The following information should be furnished by the issuer, if such information is known or reasonably should be known by the issuer. If in any case the issuer after reasonable effort, deems that it cannot furnish upon its own responsibility the information requested, the issuer may state such information as it has acquired and the sources thereof, thus representing not that the information is true but only that such information has been acquired from such sources. When the information is required only “if known”, the issuer is responsible only for failure truthfully to state such information of which it then has knowledge.

PART I

INFORMATION CONCERNING THE ORIGINAL ISSUER AND THE ISSUE OR ISSUES TO BE CALLED FOR DEPOSIT

1. Give the name and principal place of business of the original issuer.

2. Give the form or style of organization of the original issuer, such as corporation, partnership, etc.

3. Give the name of the State or other sovereign power under which the original issuer is incorporated or organized, if not an individual.

4. Give the date of the incorporation or organization of the original issuer, if known.

5. State the character of business being done by the original issuer at the time when the securities to be called were issued.
6. Give the length of time the original issuer has been engaged in this business.

7. Give the names and addresses of the directors (or persons performing similar functions), and of the chief executive, financial and accounting officers of the original issuer.

8. List below all classes of stock of the original issuer, giving the information indicated in the table headings.

<table>
<thead>
<tr>
<th>Class of stock</th>
<th>Par value of each share, or if non-par, stated value. Indicate which value is used</th>
<th>Number of shares authorized</th>
<th>Number of shares outstanding</th>
</tr>
</thead>
</table>

State briefly with reference to each of the above classes of stock: Its (a) dividend, (b) liquidation, (c) conversion, (d) exchange, (e) subscription, (f) preemptive and (g) voting rights.
9. List below all issues representing the funded debt of the issuer, giving the information indicated in the table headings.

<table>
<thead>
<tr>
<th>Title of issue</th>
<th>Date of issue</th>
<th>Amount now outstanding</th>
<th>Interest rate</th>
<th>Maturity date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

State briefly with reference to each of the above issues: The provisions as to (a) sinking fund, (b) security (including brief description of property pledged or mortgaged and provisions for substitution of security, if any), (c) conversion, (d) exchange, and (e) subscription rights.
10. Name the class or classes of securities to be called for deposit under this registration statement.

11. If known, state whether or not any legal proceedings are pending or threatened which might materially affect the securities to be called for deposit, describing briefly their nature and stating the names of the parties to any such proceedings.

12. State the names and addresses of the principal original underwriters of the securities to be called for deposit. If the issuer or any member thereof is connected with any such underwriter, state also the gross compensation received or gross profit made by such underwriter in connection with such underwriting.

13. If known, state whether or not any other person or persons are soliciting the deposit of any securities of the original issuer, and, if known, state the name and address of such person or persons.

14. If available to the issuer, give the last balance sheet of the original issuer as published or reported generally to its security holders. (Attach this statement as an exhibit.)

15. If available to the issuer, give the last profit and loss statement of the original issuer as published or reported generally to its security holders. (Attach this statement as an exhibit.)
INFORMATION CONCERNING THE ISSUER

16. Give the name and address of the issuer.

17. If the issuer be a committee, give the name, address, and principal business of each member of the committee.

18. If the issuer may delegate any of its powers (other than clerical or purely ministerial) to any other person or persons, state the conditions under which such powers may be delegated and, if such delegation is to a named person or persons, give the name and principal place of business of each such person.

19. Give, with respect to each of the persons named in items 16 and 17, a statement as to the amount of each class of securities of the original issuer held of record and/or beneficially as of a specified date within 20 days prior to the filing of this registration statement and as of a date approximately 1 year prior thereto.

<table>
<thead>
<tr>
<th>Name</th>
<th>Class of security</th>
<th>Amount as of</th>
<th>Amount as of</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

20. If any of the persons named in items 16 and 17 is acting in a representative capacity (legally or in fact by reason of his position as an officer, director, or stockholder of another person), state the name and address of his principal or beneficiary. Give with respect to each such principal or beneficiary a statement of the information required by item 19.
21. State the amount and describe the nature of any interest, other than that mentioned in item 19 or item 20, of each of the persons specified in items 19 and 20 in any property or obligation of the original issuer or in any property or obligation of any person liable, directly or indirectly, with respect to the securities to be called for deposit or in any property securing such securities.

22. What restrictions, if any, are imposed upon the right of the issuer or any member thereof to deal or trade in the securities called for deposit or in the certificates of deposit? If none, make a specific statement to that effect.

23. State the nature of any business or professional connections which the issuer or any member thereof (if a committee) now has or, within 5 years, has had with any person who was a principal underwriter of the securities of the original issuer.

24. Give the names and addresses of counsel acting for the issuer in connection with the call for deposits.
25. State briefly the nature of any business or professional connections which such counsel for the issuer has or, within 5 years, has had with the original issuer or with any person who was a principal underwriter of the securities of the original issuer.

26. Explain briefly the reasons why the deposit of securities is desired.

27. State whether part II of form D-1 is being filed at the same time as this part I and, if not, what steps, if any, have been taken and by whom to prepare a plan of readjustment or reorganization and why securities are to be called for prior to the proposal of a plan.

INFORMATION CONCERNING DEPOSIT AGREEMENT AND CERTIFICATES OF DEPOSIT

28. Give the date of the deposit agreement.

29. State briefly the provisions of the deposit agreement limiting the issuer's liability.

30. State briefly the provisions of the deposit agreement limiting the period within which deposits will be accepted and governing the extension of such period.
31. State briefly the provisions of the deposit agreement governing the voting of the deposited securities.

32. If the issuer has the power to borrow upon the securities to be called for deposit, state briefly the provisions of the deposit agreement governing the purposes for which and the conditions upon which such power may be exercised.

33. If other securities than those to be called for deposit under this registration statement have been deposited with the issuer, and if the deposit agreement permits borrowing upon the securities to be called for deposit under this registration statement in connection or in conjunction with the borrowing upon such other securities, make a specific statement to that effect, setting forth the relevant provisions of the deposit agreement governing the purposes for which and the conditions under which such power may be exercised, and give a statement of the total principal amount of such other securities and the amount, if any, borrowed against such securities and each class thereof, all as of a date not more than 90 days prior to the filing of this registration statement.

34. State briefly the provisions of the deposit agreement with respect to the circumstances under which the depositors will become bound by any plan of readjustment or reorganization and with respect to the rights of holders of certificates of deposit to withdraw their securities and with respect to the terms and conditions upon which such rights may be exercised, including all charges therefor, and the general purposes of such charges.
35. State briefly the provisions of the deposit agreement for the termination of such agreement as an entirety and the conditions under which the deposited securities may be withdrawn in such an event, including all charges therefor and the general purpose of such charges.

36. A brief statement of the provisions of the deposit agreement and all other agreements with respect to any fees, and expenses paid or to be paid, directly or indirectly, in any way related to the deposit agreement, to the securing of deposits thereunder, or to any plan of readjustment or reorganization in connection therewith.

37. State by whom the fees of the issuer and its members and counsel and of the depositary are to be determined and out of what funds such charges will be met. If such fees are not to be determined by an independent person, make a specific statement to that effect. State briefly the nature of any business or professional connections the party or parties determining such fees have or have had within 5 years with the issuer, the original issuer, and with any person who was a principal underwriter of the securities of the original issuer.
38. State briefly the dates of, parties to and general substance of every material contract (including contracts to which any member of the issuer may be a party), directly or indirectly affecting the deposit agreement or any plan which may be carried out in connection therewith.¹

39. What bond, if any, is posted by the committee guaranteeing the performance of the deposit agreement?

INFORMATION CONCERNING THE DEPOSITARY

40. Give the name and principal place of business of every depositary (or other person acting in such capacity) in connection with the deposit agreement and the securities deposited thereunder.

41. State the nature of any business and professional connections between each depositary and the issuer and any member thereof.

42. State briefly the provisions of the deposit agreement limiting the depositary's liability.

¹The act does not require the disclosure of any portion of a material contract if the Commission determines that disclosure of such portion would impair the value of the contract and would not be necessary for the protection of investors. Contracts, any portion of which the registrant believes should not be disclosed, should be clearly marked "Confidential" when submitted with this statement. If the Commission finds that the disclosure of such portion of a contract is not required, the registration statement as made public will not divulge the fact of the existence of a confidential contract.
43. State briefly the provisions of the deposit agreement relating to the compensation of the depositary and any lien therefor.

EXHIBITS

The following exhibits shall be attached as a part of part I of the registration statement. The issuer may file such other exhibits as it may desire, marking them so as to indicate clearly the questions or items to which they refer. In the event that any of the foregoing exhibits are not submitted herewith, state why compliance with this requirement cannot be met.

Exhibit A.—The deposit agreement.
Exhibit B.—A copy or specimen of the form of certificate of deposit.
Exhibit C.—Copies of any written contracts referred to in item 38.
Exhibit D.—A list of the names and addresses of persons to whom it is intended to mail or send a call for deposits.
Exhibit E.—A copy of the circular to be used by the issuer in soliciting the deposit of securities.
Exhibit F.—A copy of the underlying indenture, trust agreement, or other document defining the rights of the security called for deposit.

SIGNATURE OF THE ISSUER

(Parts I and II must both be signed, even though filed simultaneously)

(A) Issuer or issuers (if an individual, partnership, or committee). All members of a partnership or committee are required to sign.

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(B) Issuer (if a corporation)

[seal]

By ----------------------------------- Title

Attest:

-----------------------------------

Name

Principal Executive Officer.

Principal Financial Officer.

Principal Accounting Officer.

A majority of the board of directors.
PART II

INFORMATION CONCERNING PLAN OF REORGANIZATION

44. State whether part I of form D-1 is filed at the same time as this part II, or if it has heretofore been filed, the date of such filing.

45. List below all classes of stock to be issued under the plan, giving the information indicated in the table headings.

<table>
<thead>
<tr>
<th>Class of stock</th>
<th>Par value of each share, or if non-par, stated value. Indicate which value is used</th>
<th>Number of shares to be authorized</th>
<th>Number of shares to be presently outstanding</th>
</tr>
</thead>
</table>

State briefly with reference to each of the above classes of stock: Its (a) dividend, (b) liquidation, (c) conversion, (d) exchange, (e) subscription, (f) preemptive and (g) voting rights.
46. Give a brief statement of the provisions of the plan with respect to any voting trust or other trust or agreement for the purpose of maintaining control.

47. List below the funded debt to be created and issued under the plan, giving the information indicated in the table headings.

<table>
<thead>
<tr>
<th>Title of issue</th>
<th>Date to be issued</th>
<th>Amount to be authorized</th>
<th>Amount to be presently outstanding</th>
<th>Interest rate</th>
<th>Maturity date</th>
</tr>
</thead>
</table>

State briefly with reference to each of the above issues: The provisions as to (a) sinking fund, (b) security (including brief description of property pledged or mortgaged and provisions for substitution of security, if any), (c) conversion, (d) exchange, and (e) subscription rights.
48. Give a brief statement of any provisions of the plan describing any other securities to be issued thereunder.

49. Describe briefly the basis upon which certificates of deposit are to be exchanged for such securities as may be issued under the plan.

50. Describe briefly the basis upon which securities of the original issuer (not including certificates of deposit) are to be exchanged for such securities as may be issued under the plan.

51. Give a brief statement of the provisions of the plan with respect to the issuance (by way of options or otherwise) of any securities other than those to be distributed on the general basis explained in items 49 and 50, including a statement of the persons or classes of persons to whom such securities may be issued and the consideration to be received therefor.
52. Give a brief statement of any other essential features of the plan, and the reasons for adopting the particular plan.

53. State briefly the provisions of the deposit agreement and/or the plan in accordance with which the plan may become binding upon the depositors, including a statement of the rights of depositors to withdraw their securities after the proposal of the plan and the terms and conditions upon which such rights may be exercised, including all charges therefor and the general purpose of such charges.

54. State briefly the provisions of the deposit agreement and/or the plan with respect to the amendment or modification of the plan including the circumstances under which any such amendment or modification will become binding upon the depositors, and state the rights of depositors to withdraw their securities in the event of such amendment or modification and the terms and conditions upon which such rights may be exercised, including all charges therefor and the general purpose of such charges.

55. Give the names and addresses of the reorganization managers, if any, or of the person or persons performing similar functions.
56. Give the name and address of the counsel acting for the reorganization managers.

57. What restrictions, if any, are placed upon the reorganization managers to deal or trade in securities of the original issuer or certificates of deposit? If none, make a specific statement to that effect.

58. Give, with respect to each of the persons mentioned in items 55 and 56, a statement as to the amount of each class of securities of the original issuer held of record and/or beneficially as of a specified date within 20 days prior to the filing of this registration statement, and, if possible, as of a date approximately 1 year prior thereto.

59. State the nature of any business or professional connections which any of the persons mentioned in items 55 and 56 now has or, within 5 years, has had with any person who was a principal underwriter of the securities of the original issuer.

60. State the nature of any business or professional connections which counsel for the issuer now have or, within 5 years, have had with the reorganization managers.
61. State briefly the dates of, parties to, and general substance of each and every material contract (not already stated in item 38 of pt. I) affecting, directly or indirectly, the plan or the securities to be issued thereunder. 2

62. State briefly the provisions of the deposit agreement and of all other agreements (not already stated in item 36 of pt. I), with respect to any fees and expenses paid or to be paid directly or indirectly, in any way related to the plan or the securities to be issued thereunder.

63. State by whom the fees and expenses referred to in item 62 are to be determined and out of what funds such charges will be met. If such fees are not to be determined by an independent person, make a specific statement to that effect. State briefly the nature of any business or professional connections the party or parties determining such fees have or have had within five years with the issuer, the original issuer, and with any person who was a principal underwriter of the securities of the original issuer.

64. State whether any other plans of readjustment or reorganization are known to have been proposed, and, if so, by whom.

2 The act does not require the disclosure of any portion of a material contract if the Commission determines that disclosure of such portion would impair the value of the contract and would not be necessary for the protection of investors. Contracts, any portion of which the registrant believes should not be disclosed, should be clearly marked "Confidential" when submitted with this statement. If the Commission finds that the disclosure of such portion of a contract is not required, the registration statement as made public will not divulge the fact of the existence of a confidential contract.
65. If known, state whether or not any legal proceedings (other than those mentioned in item 11) are pending or threatened which might materially affect the securities deposited or to be called for deposit or the plan of readjustment or reorganization, describing briefly their nature and stating the names of the parties to any such proceedings.

EXHIBITS

The following exhibits shall be attached as a part of part II of the registration statement. The issuer may file such other exhibits as it may desire, marking them so as to indicate clearly the questions or items to which they refer. In the event that any of the foregoing exhibits are not submitted herewith, state why compliance with this requirement cannot be met.

Exhibit II-A.—The plan of reorganization (unless the plan is contained in the deposit agreement filed with pt. I).

Exhibit II-B.—Copies of any written contracts referred to in item 61.

Exhibit II-C.—A list of the names and addresses of the persons to whom it is intended to mail or send a copy of this plan. (If a list has already been submitted in connection with pt. I, only such names need be included in this exhibit as were not included in the former exhibit.)

Exhibit II-D.—A copy of any synopsis of the plan or literature concerning it which is to be distributed to security holders.

SIGNATURE OF THE ISSUER

(A) Issuer or issuers (if an individual, partnership, or committee). All members of a partnership or committee are required to sign.

(B) Issuer (if a corporation).

[SEAL]

By ----------------------------------------
Name Title

By ----------------------------------------
Name Title

Attest:

Name

Principal Executive Officer.

Principal Financial Officer.

Principal Accounting Officer.

A majority of the board of directors.
85. If known, state whether or not any legal proceedings (other than those mentioned in item 11) are pending or threatened which might materially affect the securities deposited or to be called for deposit or the plan of readjustment or reorganization, describing briefly their nature and stating the names of the parties to any such proceedings.

**EXHIBITS**

The following exhibits shall be attached as a part of part II of the registration statement. The issuer may file such other exhibits as it may desire, marking them so as to indicate clearly the questions or items to which they refer. In the event that any of the foregoing exhibits are not submitted herewith, state why compliance with this requirement cannot be met.

- **Exhibit II-A.**—The plan of reorganization (unless the plan is contained in the deposit agreement filed with pt. I).
- **Exhibit II-B.**—Copies of any written contracts referred to in item 61.
- **Exhibit II-C.**—A list of the names and addresses of the persons to whom it is intended to mail or send a copy of this plan. (If a list has already been submitted in connection with pt. I, only such names need be included in this exhibit as were not included in the former exhibit.)
- **Exhibit II-D.**—A copy of any synopsis of the plan or literature concerning it which is to be distributed to security holders.

**SIGNATURE OF THE ISSUER**

(A) Issuer or issuers (if an individual, partnership, or committee). All members of a partnership or committee are required to sign.

(B) Issuer (if a corporation).

[textarea]

By ...
Name Title

By ...
Name Title

Attest:

By ...
Name Title

Principal Executive Officer.
Principal Financial Officer.
Principal Accounting Officer.

A majority of the board of directors.

4. Since the "sale" of securities registered on this form may be made under circumstances different from those subsequently existing at the date of Commencement of their delivery to the ultimate holders thereof, it is required, as a condition to the continued effectiveness of a statement on this form after the latter date, that:

(1) Any document which is required as an exhibit and which becomes effective or which is put into final form subsequent to the effective date of the registration statement and prior to the commencement of the delivery of the securities to the ultimate holders thereof, and
FORM D-1A
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C.

REGISTRATION STATEMENT

CERTIFICATES OF DEPOSIT

Name of issuer of securities to be called for deposit:

Title of securities to be called for deposit:

Amount of securities to be called for deposit:

Name of person calling for deposit of securities:

Address of person calling for deposits:

Date of proposed call for deposits:

Name and address of person who is authorized to receive service of all notices which may be issued by the Securities and Exchange Commission relating to this registration statement:

Filing fee (the fee is to be calculated as one one-hundredth of 1 per centum of the market value (as of an indicated day within 15 days prior to the filing of this registration statement) of the securities to be called for deposit, or, if there be no market value, one one-hundredth of 1 per centum of one-third of the face, par, or if no par, stated value of the securities to be called for deposit. In no case shall the fee be less than $25):

Calculation of filing fee:

(a) Market value (if any)$

(b) Face, par, or stated value.

(c) One-third of this

(d) Filing fee (1/100 of 1 per cent of (a) or (c), whichever is used, but not less than $25)

GENERAL INSTRUCTIONS (Read Carefully)

This form is to be used only where the issuer of the Certificates of Deposit is the original issuer of the securities called for deposit, and only if the Certificates of Deposit are issued in connection with a plan of

4. Since the "sale" of securities registered on this form may be made under circumstances different from those subsequently existing at the date of commencement of their delivery to the ultimate holders thereof, it is required, as a condition to the continued effectiveness of a statement on this form after the latter date, that:

(1) Any document which is required as an exhibit and which becomes effective or which is put into final form subsequent to the effective date of the registration statement and prior to the commencement of the delivery of the securities to the ultimate holders thereof, and
reorganization or readjustment which involves the issue of new securities to the holders of Certificates of Deposit. If there are obligors, whether primary or secondary, in respect of the securities called for deposit other than the issuer of the Certificate of Deposit, the following items should be answered as to such obligors as well as the issuer: Items 1 to 6 inclusive, 7 to 10 inclusive, 13, 14, 39, 44, 49 to 52 inclusive.

The term "deposit agreement" includes the agreement, letter or other document under the terms of which the securities called for deposit are to be deposited.

The term "issuer" means the person calling for deposits.

The following information should be furnished by the issuer, if such information is known or reasonably should be known by the issuer. If in any case the issuer, after reasonable effort, is unable to furnish upon its own responsibility the information requested, the issuer may state such information as it has acquired and the sources thereof, thus representing not that the information is true but only that such information has been acquired from such sources. When the information is required only "if known", the issuer is obligated only to furnish such information as is then within its knowledge.

INFORMATION CONCERNING THE ISSUER AND THE SECURITIES TO BE CALLED FOR DEPOSIT

1. Give the name and principal place of business of the issuer.

2. Give the form or style of organization of the issuer, such as corporation, partnership, etc.

3. Give the name of the state or other sovereign power under the laws of which the issuer is incorporated or organized (if not an individual).

4. Give the date of the incorporation or organization of the issuer (if not an individual).

5. State the general character of the business being done by the issuer.

6. State the length of time the issuer has been engaged in such business.

7. State the parties to and court in which any receivership or bankruptcy proceedings against the issuer are pending, and the names of any receivers or trustees who may have been appointed therein. If known, state whether any such proceedings are threatened.
8. Give the names and addresses of the directors (or persons performing similar functions) and of the chief executive, financial and accounting officers of the issuer.

9. List below all classes of stock or similar securities of the issuer, giving the information indicated in the table headings.

<table>
<thead>
<tr>
<th>Class of stock</th>
<th>Par value of each share, or if non-par, stated value, Indicate which value is used</th>
<th>Number of shares authorized</th>
<th>Number of shares outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

State briefly with reference to each of the above classes of stock: Its (a) dividend, (b) liquidation, (c) conversion, (d) exchange, (e) subscription, (f) preemptive and (g) voting rights.

10. List below all issues representing the long term debt of the issuer, giving the information indicated in the table headings.

<table>
<thead>
<tr>
<th>Title of issue</th>
<th>Date of issue</th>
<th>Amount now outstanding</th>
<th>Interest rate</th>
<th>Maturity date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Describe briefly with reference to each of the above issues: The provisions as to (a) sinking fund, (b) security (including brief description of property pledged or mortgaged and provisions for substitution of security, if any), (c) conversion, (d) exchange, and (e) subscription rights. In case the securities called for deposit are shares of stock and are to be exchanged pursuant to the plan solely for shares of stock, the description hereinabove called for, but not the table, may be omitted.

11. If the securities called for deposit are bonds, notes or other evidences of indebtedness and there has been a default in the payment of principal, interest or sinking fund, so state and briefly describe the default. If the securities called for deposit are preferred stock entitled to dividends at a fixed rate, state the amount of dividends in arrears, if any, and the date of payment of the last dividend paid.

12. If known, state whether or not any other person is calling for the deposit of the securities to be called for deposit under this registration statement and, if known, the name and address of such other person.

13. Give the latest available balance sheet of the issuer. (Attach this statement as a Schedule.)

4. Since the "sale" of securities registered on this form may be made under circumstances different from those subsequently existing at the date of commencement of their delivery to the ultimate holders thereof, it is required, as a condition to the continued effectiveness of a statement on this form, after the latter date, that:

(1) Any document which is required as an exhibit and which becomes effective or which is put into final form subsequent to the effective date of the registration statement and prior to the commencement of the delivery of the securities to the ultimate holders thereof, and
14. Give the profit and loss statement of the issuer for the latest fiscal year and also a profit and loss statement from the closing date of such fiscal year to the date of the balance sheet furnished in response to item 13. (Attach these statements as Schedules.)

15. Give the names and addresses of counsel acting for the issuer in connection with the call for deposits.

INFORMATION CONCERNING THE PLAN

16. Furnish a copy of the plan. (Attach this as a Schedule.)

17. State briefly why the deposit of securities is desired.

18. List below all classes of stock and/or similar securities to be issued under the plan, giving the information indicated in the table headings.

<table>
<thead>
<tr>
<th>Class of stock</th>
<th>Par value of each share, or if non-par, stated value. Indicate which value is used.</th>
<th>Number of shares to be authorized</th>
<th>Number of shares to be presently outstanding</th>
</tr>
</thead>
</table>

Stato briefly with reference to each of the above classes of stock: Its (a) dividend, (b) liquidation, (c) conversion, (d) exchange, (e) subscription, (f) preemptive and (g) voting rights.

19. Give a brief statement of the provisions of the plan with respect to any voting trust or other trust or agreement for the purpose of maintaining control.

20. List below the long term debt to be created and issued under the plan, giving the information indicated in the table headings.

<table>
<thead>
<tr>
<th>Title of issue</th>
<th>Date to be issued</th>
<th>Amount to be authorized</th>
<th>Amount to be presently outstanding</th>
<th>Interest rate</th>
<th>Maturity date</th>
</tr>
</thead>
</table>

Stato briefly with reference to each of the above issues the provisions of the plan with reference to (a) sinking fund; (b) property to be mortgaged or pledged; (c) provisions for substitution of security, if any; (d) conversion; (e) exchange; (f) subscription rights; and (g) issuance of additional securities.

4. Since the "sale" of securities, registered on this form may be made under circumstances different from those subsequently existing at the date of commencement of their delivery to the ultimate holders thereof, it is required, as a condition to the continued effectiveness of a statement on this form after the latter date, that:

(1) Any document which is required as an exhibit and which becomes effective or which is put into final form subsequent to the effective date of the registration statement and prior to the commencement of the delivery of the securities to the ultimate holders thereof, and
21. Describe briefly the basis upon which certificates of deposit are to be exchanged for such securities as may be issued under the plan.

22. Describe briefly the basis upon which securities of the issuer (not including certificates of deposit) are to be exchanged for such securities as may be issued under the plan.

23. Are any securities to be issued (by way of options or otherwise) in connection with the plan other than those to be issued under the provisions of the plan? If so, state the persons or classes of persons to whom such securities may be issued, the respective amounts to be issued to such persons, and the consideration to be received therefor.

24. State briefly the provisions of the plan with respect to the amendment or modification of the plan, including the circumstances under which any such amendment or modification will become binding on depositors.

25. If the holders of existing securities of any class to be exchanged for new securities which may be issued under the plan are entitled to receive such new securities on a different basis than other holders of the existing securities of the same class, state the relevant facts.

26. If, in connection with the plan any securities are to be issued or any property delivered or money paid or benefit conferred (other than for usual expenses incident to the reorganization or readjustment), which shall not be stated in the plan, state the relevant facts, naming the persons or classes of persons who are to receive such securities, property, money or other benefit.

27. If known, state whether any other plans of readjustment or reorganization have been proposed, and, if so, by whom.

28. If known, state whether or not any legal proceedings are pending or threatened of which the plan is the subject matter, describing briefly their nature and stating the names of the parties to any such proceedings and the court, if proceedings have been instituted, and the status of such proceedings.

INFORMATION CONCERNING DEPOSIT AGREEMENTS AND DEPOSITS

29. State briefly the provisions of the deposit agreement limiting the issuer's liability.

30. State briefly the provisions of the deposit agreement limiting the period within which deposits will be accepted and governing the extension of such period.

31. State briefly the provisions of the deposit agreement governing the voting of the deposited securities.

32. State briefly provisions of the deposit agreement governing the disposition of income on the deposited securities.

Signature of debtor:

4. Since the "sale" of securities registered on this form may be made under circumstances different from those subsequently existing at the date of commencement of their delivery to the ultimate holders thereof, it is required, as a condition to the continued effectiveness of a statement on this form after the latter date, that:

(1) Any document which is required as an exhibit and which becomes effective or which is put into final form subsequent to the effective date of the registration statement and prior to the commencement of the delivery of the securities to the ultimate holders thereof, and
33. If the issuer has power to borrow upon the securities to be called for deposit, state briefly the provisions of the deposit agreement governing the purposes for which and the conditions upon which such power may be exercised.

34. State briefly the provisions of the deposit agreement for the termination of such agreement as an entirety.

35. State the maximum amounts, if any, which depositing security holders will be required, pursuant to the deposit agreement, to pay upon deposit of their securities or in case of withdrawal, termination or otherwise. State the purposes to which such payments may be applied. If the deposit agreement does not specify any maximum amounts, state that the amount is not limited. Also state whether the liability of depositors is personal or is limited to the deposited securities.

36. State the plan which the issuer proposes to follow in connection with the payment of commissions or remuneration for the solicitation of deposits, including a statement of the basis of such remuneration or compensation.

37. State whether Form E-1 with respect to the new securities is being filed at the same time as this Form D-1A.

38. State briefly the provisions of the deposit agreement with respect to the circumstances under which the depositors will become bound by the plan of reorganization, including a statement of their rights to withdraw their deposited securities from deposit.

39. State briefly the dates, parties to and general substance of every material contract to which the issuer or a subsidiary of the issuer is a party which relates to the deposit agreement or the plan.

INFORMATION CONCERNING THE DEPOSITARIES

40. Give the names and principal place of business of every depositary or other person acting in such capacity under the deposit agreement.

41. State briefly the provisions of the deposit agreement limiting the depositaries' liabilities.

42. State briefly the provisions of the deposit agreement relating to compensation and expenses of each depositary and any lien therefor, and, if the amount of such compensation has been determined, the amount thereof.

43. State whether a list of the names and addresses of persons to whom the call for deposits is to be sent is available for inspection by such persons.

44. Give the names of (a) the principal underwriter of the securities being called for deposit under this registration statement; and (b) the principal underwriter of each security of the issuer issued within five years.

INFORMATION CONCERNING REORGANIZATION MANAGERS, ETC.

If, in connection with the plan, there are to be reorganization managers or other persons performing similar functions (hereinafter referred to as reorganization managers) answer the following questions:

4. Since the "sale" of securities registered on this form may be made under circumstances different from those subsequently existing at the date of commencement of their delivery to the ultimate holders thereof, it is required, as a condition to the continued effectiveness of a statement on this form after the latter date, that:

(1) Any document which is required as an exhibit and which becomes effective or which is put into final form subsequent to the effective date of the registration statement and prior to the commencement of the delivery of the securities to the ultimate holders thereof, and
45. Give the names and addresses of such reorganization managers.

46. State briefly the powers and functions of the reorganization managers.

47. Give the name and address of the counsel acting for the reorganization managers.

48. What restrictions, if any, are placed on the right of the reorganization managers to deal or trade in securities of the issuer or certificates of deposit therefor? If none, make a specific statement to that effect.

49. Give with respect to each of the persons mentioned in items 45 and 47, a statement as to the amount of each class of securities of the issuer held by them of record and/or beneficially as of a specified date within 20 days prior to the filing of this registration statement, and, if possible, as of a date approximately one year prior thereto.

50. State the amount and describe the nature of any material interest, other than that mentioned in item 49 of each of the persons specified in items 45 and 47 in any property or obligation of the issuer or in any property or obligation of any person who is liable as guarantor of the principal or interest of the securities called for deposit.

51. If any person named in item 45, or any person now occupying the relation of officer, director or partner to any person named in item 45, occupies, or within five years has occupied, any of the following relationships to the issuer or to any person named in item 44, briefly describe the relationship:

(1) officer;
(2) director;
(3) trustee;
(4) partner;
(5) counsel (such relationship being based upon a general retainer, or a regular course of practice);
(6) creditor, whose claim now exceeds $50,000;
(7) beneficial owner, directly or indirectly, of securities carrying more than 25% of the voting power;
(8) purchaser or seller of goods or services in the regular course of dealing;
(9) principal underwriter of securities.

52. If counsel named in the answer to item 47 occupies or within five years has occupied any of the relationships mentioned in item 51 to the issuer or to any person named in the answer to item 44 briefly describe the relationship.

EXHIBITS

The following exhibits shall be attached to the registration statement. The issuer may file such other exhibits as it may desire, marking them so as to indicate clearly the questions or items to which they refer. In the event that any of the following exhibits are not submitted herewith, state why compliance with this requirement cannot be made.

4. Since the "sale" of securities registered on this form may be made under circumstances different from those subsequently existing at the date of commencement of their delivery to the ultimate holders thereof, it is required, as a condition to the continued effectiveness of a statement on this form after the latter date, that:

(1) Any document which is required as an exhibit and which becomes effective or which is put into final form subsequent to the effective date of the registration statement and prior to the commencement of the delivery of the securities to the ultimate holders thereof, and
Exhibit A - A copy of the deposit agreement.

Exhibit B - A copy or specimen of the form of certificate of deposit, if such form is not set forth in the deposit agreement.

Exhibit C - Copies of any written contracts referred to in item 39.

Exhibit D - If the answer to item 43 is in the negative, a list of the names and addresses of persons to whom it is intended to mail or send a call for deposits.

Exhibit E - A copy of the prospectus to be used by the issuer in soliciting the deposit of securities, which shall contain all the information, or a summary thereof, contained in the registration statement other than in Schedules and exhibits, and shall include copies of each of the Schedules (but not the exhibits) attached to the registration statement.

Exhibit F - A copy of the underlying indenture, trust agreement, or other document defining the rights of the security called for deposit.

SIGNATURE OF THE ISSUER

(A) Issuer or issuers (if an individual or partnership). All members of a partnership are required to sign.

__________________________

__________________________

__________________________

__________________________

__________________________

__________________________

__________________________

(B) Issuer (if a corporation)

(SEAL)

By ____________________

Name ____________________

Title ____________________

Attest:

By ____________________

Name ____________________

Title ____________________

Principal Executive Officer.

Principal Financial Officer.

Principal Accounting Officer.

A majority of the board of directors.

4. Since the "sale" of securities registered on this form may be made under circumstances different from those subsequently existing at the date of commencement of their delivery to the ultimate holders thereof, it is required, as a condition to the continued effectiveness of a statement on this form after the latter date, that:

(1) Any document which is required as an exhibit and which becomes effective or which is put into final form subsequent to the effective date of the registration statement and prior to the commencement of the delivery of the securities to the ultimate holders thereof, and
4. Since the "sale" of securities registered on this form may be made under circumstances different from those subsequently existing at the date of commencement of their delivery to the ultimate holders thereof, it is required, as a condition to the continued effectiveness of a statement on this form after the latter date, that:

(1) Any document which is required as an exhibit and which becomes effective or which is put into final form subsequent to the effective date of the registration statement and prior to the commencement of the delivery of the securities to the ultimate holders thereof, and
SECURITIES ACT OF 1933
Release No. 609 (Class C)

Amendment to Form E-1

The Securities and Exchange Commission, finding that any information or documents specified in Schedule A of the Securities Act of 1933, as amended, which are not required to be set forth in Form E-1, and the Rules and Instructions accompanying that form, as hereby amended, are inapplicable to the class of securities to which such form is applicable, and that disclosure fully adequate for the protection of investors is otherwise required to be included in the registration statement, and that such information and documents are required by Form E-1, and the Rules and Instructions accompanying that form, as hereby amended, but which are not specified in Schedule A, are necessary or appropriate in the public interest or for the protection of investors, acting pursuant to authority conferred upon it by the Securities Act of 1933, as amended, particularly Sections 7 and 19(a) thereof, hereby amends Form E-1, and the Rules and Instructions accompanying that form, as follows:

1. The requirements of Exhibit M are amended by striking out the period following the words "independent certified public accountant" at the end of the next to the last sentence, and adding to the sentence the following words:
   "up to the respective dates of the latest certified balance sheets furnished as Exhibit L."

2. The requirements of Exhibit O are amended by striking out the period following the words "independent certified public accountant" at the end of the next to the last sentence, and adding to the sentence the following words:
   "up to the respective dates of the latest certified balance sheets furnished as Exhibit N."

3. The requirements of Exhibit Q are amended by striking out the period following the words "independent certified public accountant" at the end of the last sentence, and adding to the sentence the following words:
   "up to the date of the latest certified balance sheet furnished as Exhibit P or as Exhibit R."

4. The requirements of Exhibit U are amended by striking out the period following the words "independent certified public accountant" at the end of the fourth sentence, and adding to the sentence the following words:
   "up to the respective dates of the latest certified balance sheets furnished as Exhibit T."

5. The requirements of Exhibit X are amended by striking out the period following the words "independent certified public accountant" at the end of the next to the last sentence, and adding to the sentence the following words:
   "up to the date of the latest balance sheet of the guarantor furnished as Exhibit W."

---oo--

statement for such securities shall be in effect in any event, however, before their "sale" (including their issue or modification) by their issuer or an underwriter or dealer.

4. Since the "sale" of securities registered on this form may be made under circumstances different from those subsequently existing at the date of commencement of their delivery to the ultimate holders thereof, it is required, as a condition to the continued effectiveness of a statement on this form after the latter date, that:

(1) Any document which is required as an exhibit and which becomes effective or which is put into final form subsequent to the effective date of the registration statement and prior to the commencement of the delivery of the securities to the ultimate holders thereof, and
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON

SECURITIES ACT OF 1933
Release No. 631 (Class C)

Amendment to Form E-1

The Securities and Exchange Commission, finding that any information or documents specified in Schedule A of the Securities Act of 1933, as amended, which Form E-1, and the Rules and Instructions accompanying that form as hereby amended, do not require to be set forth, are inapplicable to the class of securities to which such form is appropriate, and that disclosure fully adequate for the protection of investors is otherwise required to be included in the registration statement, and that such information and documents as Form E-1, and the Rules and Instructions accompanying that form as hereby amended, require to be set forth, but which are not specified in Schedule A, are necessary and appropriate in the public interest and for the protection of investors, acting pursuant to authority conferred upon it by the Securities Act of 1933, as amended, particularly Sections 7 and 19(a) thereof, hereby amends the Rules and Instructions accompanying Form E-1, as follows:

There is added under Rule 3 under the caption "RULES AS TO THE USE OF FORM E-1" the following new subparagraph "(d)"

(d) Notwithstanding the rules as to the use of Form E-1, Form A-2 for Corporations may be used in lieu of Form E-1 under the circumstances described in Special Rule 4 as to the use of Form A-2, contained in the instruction book accompanying that form.

The above amendment shall become effective upon publication.

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statement for such securities shall be in effect in any event, however, before their "sale" (including their issue or modification) by their issuer or an underwriter or dealer.

4. Since the "sale" of securities registered on this form may be made under circumstances different from those subsequently existing at the date of commencement of their delivery to the ultimate holders thereof, it is required, as a condition to the continued effectiveness of a statement on this form after the latter date, that:

(1) Any document which is required as an exhibit and which becomes effective or which is put into final form subsequent to the effective date of the registration statement and prior to the commencement of the delivery of the securities to the ultimate holders thereof, and
(SAMPLE FORM – NOT FOR FILING)

Form E - 1

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C.

Rules and Instructions Accompanying
Form E-1
(For Securities in Reorganization)

Note: These Rules and Instructions are to be detached by the registrant and are not to be included in the papers filed as a registration statement.

RULES AS TO THE USE OF FORM E-1

1. Subject to the provisions of Rule 0 below, Form E-1 is to be used to register securities (including contracts of guaranty but excepting voting trust certificates, certificates of deposit, and certificates of interest or shares in unincorporated investment trusts of the fixed or restricted management type not having a board of directors or a board of persons performing similar functions, but having a depositor or sponsor) sold or modified in the course of a reorganization, as defined in Rule 5 below.

2. A separate registration statement shall be filed by each separate issuer, whether it be a primary issuer or a guarantor.

3. A registration statement for securities requiring registration on Form E-1 shall be effective before their "sale" by the issuer thereof or an underwriter or dealer.

A, "sale" of such securities by the issuer thereof is involved in the submission of a plan or agreement for reorganization:

(a) when an opportunity to assent to or to dissent or withdraw from a plan or agreement for reorganization is given on such terms that a person so assenting or failing to dissent or withdraw within a limited time will be bound, so far as he personally is concerned, to accept such securities, unless at the same time he retains or is given a right subsequently to withdraw which is conditioned, if at all, only upon his payment of not more than his proportionate part of the expenses of reorganization, and

(b) if the plan or agreement referred to is submitted by, or with the authority of, the issuer of such securities.

A registration statement for such securities shall, therefore, be effective before such "sale" is made.

If the condition stated under (b) in the preceding paragraph is absent, either because the proposed issuer is not in existence or for any other reason, no registration of such securities is then necessary, in view of the provisions of the first clause of Section 4(1) of the Act. A registration statement for such securities shall be in effect in any event, however, before their "sale" (including their issue or modification) by their issuer or an underwriter or dealer.

4. Since the "sale" of securities registered on this form may be made under circumstances different from those subsequently existing at the date of commencement of their delivery to the ultimate holders thereof, it is required, as a condition to the continued effectiveness of a statement on this form after the latter date, that:

(1) Any document which is required as an exhibit and which becomes effective or which is put into final form subsequent to the effective date of the registration statement and prior to the commencement of the delivery of the securities to the ultimate holders thereof, and
Form E:-1

(2) Any amendment to a document which is required under Exhibits A or D and which becomes effective in such period, shall be filed as an amendment to the registration statement.

5. As used in these rules and the accompanying instructions:

(1) The term "reorganization" includes any transaction involving:

(a) A readjustment by modification of the terms of securities by agreement; or

(b) A readjustment by the exchange of securities by the issuer thereof for others of its securities; or

(c) The exchange of securities by the issuer thereof for securities of another issuer; or

(d) The acquisition of assets of a person, directly or indirectly, partly or wholly, in consideration of securities distributed or to be distributed as part of the same transaction directly or indirectly to holders of securities issued by such person or secured by assets of such person; * or

(e) A merger or consolidation.*

*Although a "reorganization" is involved in a given situation, consideration should be given to the Note following Rule 5(2) in determining whether it is necessary to register securities issuable to existing stockholders in connection with such reorganization.

(2) The term "sale" has the meaning given in Section 2(3) of the Act: "Any contract of sale or disposition of, attempt or offer to dispose of, or solicitation of an offer to buy."

(3) The term "security holder" includes a person holding a certificate issued against the deposit of the security referred to, whether or not he is entitled to return of the security upon surrender of the certificate.

Note: The Commission deems no sales to stockholders of a corporation to be involved, within the meaning of the definition quoted in Rule 5(2), where, pursuant to statutory provisions or provisions contained in the certificate of incorporation, there is submitted to the vote of such stockholders a proposal for the transfer of assets of such corporation to another person in consideration of the issuance of securities of such other person, or a plan or agreement for a statutory merger or consolidation, provided the vote of a required favorable majority.

(a) will operate, so far as the corporation the stockholders of which are voting is concerned, to authorize the transfer or to effectuate the merger or consolidation (except for the taking of action by the directors of the corporations involved and for compliance with such statutory provisions as the filing of such plan or agreement with the appropriate state authorities), and

(b) will bind all stockholders of such corporation, except to the extent that dissenting stockholders may, under statutory provisions or provisions contained in the certificate of incorporation, be entitled to receive the appraised or fair value of their holdings.

The Commission deems it immaterial in these circumstances whether the person the securities of which are to be issued is in existence or not; whether, if such person in existence, the plan, agreement or proposal is submitted by or with its authority; or whether, in the case of transfer of assets, such securities are to be issued to stockholders directly, or are to be distributed to them as a liquidating dividend or otherwise.

When, in accordance with this Note, submission of a plan, agreement, or proposal to the vote of stockholders involves no sale to them, the Commission deems no sales to be involved in the delivery of securities to such stockholders.

Accordingly, neither the submission to the vote of stockholders of a plan, agreement or proposal of the character specified in this Note, nor the delivery of securities thereunder to such stockholders, requires the registration of such securities or the delivery of a prospectus meeting the requirements of Section 10 of the Act.
6. (a) If, in the course of a reorganization involving no sales of securities to stockholders as such (see Note above under Rule 5), other securities requiring registration are issued (as, for example, securities issued to a transferring corporation which are to be distributed by it for cash), such other securities may be registered on the form which would be appropriate if only such other securities were being issued.

(b) In accordance with Special Rule 1 as to the use of Form A-2 for Corporations, Form A-2 may be used in lieu of Form E-1 under the circumstances there described, notwithstanding the provisions of Rules 1 and (f) above.

(c) In the case of any guarantee of, or assumption of liability on, securities heretofore registered on Form D-2, registration of such guaranty or assumption of liability may, at the option of the issuer, be effected on Form D-2 or Form E-1.

INSTRUCTIONS AS TO PREPARING FORM E-1

The following instructions apply to the registration statement proper and to the exhibits and schedules, except as otherwise provided:

1. The items apply to the registrant only.

2. Information required must be given so far as it is known or available to the registrant; provided that:

   If the registrant reasonably deems that it cannot, without unreasonable effort or expense, furnish on its own responsibility the information required, or if the information required concerns another person neither controlling, controlled by, nor under common control with the registrant, the registrant need give in response only such information as it has acquired which it has no reason to believe is inaccurate, together with the sources thereof, but need not give information acquired before May 10, 1934, under an agreement or understanding to keep it confidential. The registrant shall, in such case, include a statement, either setting forth facts showing that unreasonable effort or expense would be required to enable it to give the information on its own responsibility, or indicating that the person concerning which the information is required neither controls, is controlled by, nor is under common control with, the registrant. The registrant may include with the information thus given a disclaimer of responsibility for the accuracy or completeness of such information.

   If the disclaimer and the required accompanying statements are included, the registrant assumes responsibility, not that the information given in the response is accurate and complete, but only that its answer presents such of the required information as it has acquired, which it has no reason to believe is inaccurate, and which it has authority to publish, and that the sources thereof are correctly stated.

   The term "control" (including the terms "controlling", "controlled by" and "under common control with") as used herein means the possession, directly or indirectly, of the legal power to direct or cause the direction of the management and policies of a person whether through the ownership of voting securities, by contract or otherwise.

3. Subject to the qualifications in the next paragraph, each item shall be answered fully and separately and not by reference to another item or to any exhibit or other instrument.

4. Where "brief" answers or statements are required, brevity is an essential. It is not intended, in such case, for example, that the full legal provisions of any document shall be set forth, but only, in succinct form, the most important thereof. In order to prevent such answer or statement being misleading the answer or statement may conclude by an incorporation by reference of particular items, sections, or paragraphs of any other part of the Registration Statement or of any exhibit made a part thereof.

5. All statements shall be typed or printed. Typed or printed matter shall leave a margin of at least 1.25 inches on the left. Statements shall be securely bound, and on the left only. Riders may not be used. If the statement is typed on a printed form, and the space provided in the form for an answer to any given item is insufficient, the answer shall be typed in the space provided so far as the space permits, and shall include in such space a reference to a full insert page or pages on which the answer shall be continued. Such insert page shall bear the number of the item thus continued.
Form E-1

6. In case the securities registered are contracts of guaranty substitute for the facing sheet as printed in this form, a facing sheet containing the following items in place of the text commencing with "Name of Registrant":

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Registrant (guarantor):</td>
<td>[ ]</td>
</tr>
<tr>
<td>Address of Registrant (guarantor):</td>
<td>[ ]</td>
</tr>
<tr>
<td>Name of issuer of securities guaranteed:</td>
<td>[ ]</td>
</tr>
<tr>
<td>Address of issuer of securities guaranteed:</td>
<td>[ ]</td>
</tr>
<tr>
<td>Type of securities covered by contract(s) of guaranty hereunder:</td>
<td>[ ]</td>
</tr>
<tr>
<td>Amount and/or number of securities of each type covered by contract(s) of guaranty hereunder:</td>
<td>[ ]</td>
</tr>
<tr>
<td>Amount of filing fee:</td>
<td>[ ]</td>
</tr>
<tr>
<td>Time within which offering or distribution is proposed to be made:</td>
<td>[ ]</td>
</tr>
<tr>
<td>Name and address of person who is authorized to receive service and notices which may be issued by the Securities and Exchange Commission.</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

7. Calculation of fee.

The fee shall be 1/100 of 1% of the value, as calculated in accordance with the following instruction, of all consideration proposed to be received in exchange for the securities registered hereunder. In no case shall the fee be less than twenty-five dollars.

(a) The value of any securities to be received shall be their market value as established by a bona fide transaction of sale on a named date within 15 days prior to the filing of this registration statement. If there be no market value thus established, the value of such securities shall be one-third of their face, par or, if no par, stated value. Where securities are delivered to or for the holders of certificates of deposit and distribution is, or is to be made, on the basis of the number or amount of securities represented by such certificates, the securities so delivered will be considered to be exchanged for the securities represented by the certificates of deposit, even though the consideration immediately received for the transfer of the securities delivered may have been other property. Where securities are delivered to or for the holders of securities of another issuer, the securities so delivered will be considered to be exchanged for the securities of such other issuer, the securities so delivered will be considered to be exchanged for the securities of such other issuer if the latter securities are surrendered, or if as a result of the transaction, their issuer is left with no more than nominal assets.

(b) If otherwise any property is to be received in exchange for securities of a class a portion of which is to be exchanged for securities directly or indirectly as illustrated above, the value of the property is to be calculated on the basis of the value placed upon the securities exchanged for securities, in accordance with instruction (a) above. For example, if, of the securities registered hereunder, 20,000 shares are to be exchanged for securities having an aggregate market value of $420,000 and 30,000 are to be exchanged for property, the property is to be valued at $630,000. If neither of these methods is applicable, the property is to be valued at such value as is reasonable in view of the circumstances.

(c) The value of any claim not represented by securities shall be one-third of its face value.

6. Information with respect to any 'predecessor' need not be furnished under items 21, 43, 46 and 47, if the total assets of such predecessor as shown by its latest balance sheet (or, in case such predecessor's property has already been acquired, the latest balance sheet prior to acquisition) are less than one per cent of the total assets of the registrant as shown by the pro-forma balance sheet (Exhibit S) or by the registrant's latest balance sheet (Exhibit R), if no pro-forma balance sheet is filed; and no financial statements of any such predecessor need be furnished under Item 48.
A subsidiary need not be included in the consolidated financial statements of the registrant and its subsidiaries required under Item 50 (Exhibit V), and separate financial statements for a subsidiary not consolidated need not be furnished (Exhibit V), if the total assets of such subsidiary as shown by its latest balance sheet are less than 1% of the total assets of the registrant as shown by the pro-forma balance sheet (Exhibit S) or by the registrant's latest balance sheet (Exhibit R), if no pro-forma balance sheet is filed.

9. A. For the purpose of meeting the requirements of Item 39 of Form E-1, the following principles are to be applied to determine whether a contract is made in the ordinary course of business:

If the contract is such as ordinarily accompanies the kind of business conducted by the registrant or the respective subsidiary, it is made in the ordinary course of business unless the amount of the subject matter of the contract in proportion to the total assets and volume of business of the registrant and its subsidiaries, the duration of the contract and the party with whom contracted are such as to make it of an extraordinary nature.

For example, the following contracts made with parties other than directors, officers, promoters, underwriters or principal stockholders, are to be deemed to have been made in the ordinary course of business:

1. Any contract for services or employment providing for remuneration, on an annual or shorter basis, of an amount less than one per cent of the total amount charged for selling, general and administrative expenses as shown by the registrant's latest profit and loss statement for an annual period filed with the registration statement, or if a consolidated statement is filed, in the latest consolidated statement for such period so filed.

2. Any contract for the acquisition or sale of fixed assets for a consideration less than three per cent of the amount less valuation or qualifying reserves at which all fixed assets are carried in the latest balance sheet of the registrant filed with the registration statement, or, if a consolidated balance sheet is filed, in the latest consolidated balance sheet so filed.

3. Any contract for the purchase or sale of current assets for a consideration less than three per cent of the net sales as shown by the registrant's latest profit and loss statement for an annual period filed with the registration statement, or, if a consolidated statement is filed, in the latest consolidated statement for such period so filed.

4. Any contract creating or evidencing an indebtedness or obligation in the nature of an indebtedness for an amount less than three per cent of the total net worth of the registrant as shown by the latest balance sheet of the registrant filed with the registration statement.

B. Notwithstanding any provision herein contained to the contrary, the following contracts are to be deemed material:

1. Any management contract or contract providing for special bonuses or profit-sharing arrangements except the following:
(a) Ordinary purchase and sales agency agreements;
(b) Payments made to security holders, as such;
(c) Labor bonuses;
(d) Salesmen's bonuses;
(e) Agreements with managers of stores in a chain store organization or similar organization.

2. Every contract by or with a public utility company or an affiliate thereof providing for the giving or receiving of technical or financial advice or service, (if such contract may involve a charge to any party thereto at a rate in excess of $2,500 per year in cash or securities or anything else of value).
C. The following contracts need not be set forth under this item:

(1) Indentures or agreements, a summarization or outline in regard to which is called for under any other item.

(2) Any code to which adherence has been made under the terms of the National Industrial Recovery Act, or any similar code.

10. For the purpose of meeting the requirements of Item 40 of Form E-1 it is to be considered that ordinary routine litigation incident to the kind of business conducted by the persons referred to in the item is not of the type which might materially affect the value of the securities being registered.

If the kind of business conducted by a person referred to ordinarily results in actions for negligence or claims, no such action need be described unless it departs from the normal kinds of such actions.

For example, any proceeding of the following types, other than proceedings as to which directors, officers, promoters, or principal stockholders are adverse parties, is to be deemed within ordinary routine litigation and need not, therefore, be described under this item:

(a) Any in rem or quasi in rem proceeding where the matter in controversy, exclusive of interest and costs, does not exceed three per cent of the amount less valuation or qualifying reserves at which all fixed assets are carried in the latest balance sheet of the registrant filed with the registration statement, or, if a consolidated balance sheet is filed, in the latest consolidated balance sheet so filed;

(b) Any other proceeding where the matter in controversy exclusive of interest and costs, does not exceed three per cent of the amount less valuation or qualifying reserves at which the total assets are carried in the latest balance sheet of the registrant filed with the registration statement, or if a consolidated balance sheet is filed, in the latest consolidated balance sheet so filed;

(c) Provided, however, that if any proceeding falling within the terms of (a) or (b) presents in large degree the same issues as other cases either pending or known to be contemplated, there shall be taken into consideration, in applying the factors of (a) or (b), the other pending or contemplated cases involving the same issues, and if the respective percentages set forth in (a) or (b) is so exceeded, a statement shall be made as to the whole subject matter of the litigation or possible litigation; provided, further that, notwithstanding the above, any proceeding where the matter in controversy exceeds $5,000,000 shall be stated.
As Approved
May 16, 1934,
and amended in
Releases Nos.
232, 353, 465 (C)
and 493 (C).
(SAMPLE FORM—NOT FOR FILING)

Form E-1

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C.

REGISTRATION STATEMENT
UNDER
SECURITIES ACT OF 1933
SECURITIES IN REORGANIZATION

Name of Registrant: 1/
Address of Registrant:
Type of each security registered hereunder:
Amount and/or number of securities registered hereunder of each such type:
Amount of filing fee: 2/
Time within which offering or distribution is proposed to be made:
Name and address of person who is authorized to receive service and notices which may be issued by the Securities and Exchange Commission:

1/ In case the securities registered are contracts of guaranty, substitute for this facing sheet a facing sheet as prescribed in Instruction 6, p. 4 of Rules and Instructions accompanying this form.

2/ See Instruction 7, p. 4 of Rules and Instructions accompanying this form, and table for calculation on page of this form.
DEFINITIONS OF TERMS USED IN FORM E-1

(If the printed form, supplied by the Commission, is not used, these definitions may be omitted from the statement as filed.)

As used in this form, except as the context indicates otherwise —

1. The term "registrant" means the person required to sign the registration statement as issuer of the securities registered hereunder.

2. The term "issuer" includes any guarantor or co-obligor, whether the liability of such person was incurred by assumption or otherwise. As applied to securities of a trust, the term means the trust created by the agreement under which the securities are issued, and not the persons acting as trustees thereunder.

3. The term "securities registered hereunder", in the case of a registration statement filed by a guarantor, refers to the contract of guaranty and not to the securities of the primary issuer.

4. The terms. "reorganization", "salo", and "security holder", have the meanings given in the definitions contained in the Rules as to the Use of Form E-1 (See Rules and Instructions Accompanying Form E-1).

5. The term "plan" means the plan or agreement designed to effect the reorganization, as submitted or to be submitted (whether by sending a copy, or a summary thereof, or otherwise) to any class of security holders intended to receive securities for an expression of assent or dissent registered hereunder; if no such plan or agreement has been or is to be so submitted to any such class, the term "plan" shall mean the general arrangement designed to effect the reorganization, whether or not it is set forth in whole or in part in any formal document.

6. The term "exchange" in the following instances shall have the meaning indicated:

Where securities are delivered to or for the holders of certificates of deposit and distribution is made on the basis of the number or amount of securities represented by such certificates, the securities so delivered will be considered to be exchanged for the securities represented by the certificates of deposit, even though the consideration immediately received for the transfer may have been other property.

Where securities are delivered to or for the security holders of another issuer and distribution is made on the basis of the holdings of securities issued by the latter, the securities so delivered will be considered to be exchanged for the securities of the other issuer, even though the latter securities are retained by their holders, and even though the consideration immediately received for the transfer may have been other property.

7. The terms "director", "chief executive, financial and accounting officer", and "trustee", or any other word indicating the holder of a position or office, include persons performing similar functions. In particular, the term "trustee" includes "trust manager".

8. The term "outstanding" means issued and not in the treasury of the issuer. Securities pledged by the issuer thereof are outstanding.

9. The term "foreign or Territorial person", as applied to a trust or partnership, means a trust or partnership of which the majority of the trustees or partners are residents of a foreign country or of a Territory.

10. The term "affiliate" or "affiliated" refers to a person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the issuer; provided, however, that the term does not include any security holders' committee or member thereof as such, or any reorganization or readjustment manager, or nominee thereof.

11. The term "parent" refers to an affiliate controlling the issuer directly or indirectly through one or more intermediaries.
12. The term "subsidiary" refers to an affiliate controlled by the issuer directly or indirectly through one or more intermediaries.

13. The term "control" (including the term "controlling", "controlled by" and "under common control with") as used herein means the possession, directly or indirectly, of the legal power to direct or cause the direction of the management and policies of a person whether through the ownership of voting securities, by contract or otherwise.

14. The term "unit", as applied to securities, means that unit or combination of securities of one or more classes representing the smallest interest in the issuer or property of the issuer or having the smallest par or face value or denomination which is separately transferable by a holder thereof.

15. The term "underwriting contract" means a contract between a person and an issuer or an affiliate thereof which gives the former the character of underwriter of securities of the issuer.

16. The term "real estate securities" means securities where the primary reliance for the payment of interest or dividends and the eventual payment or retirement of the securities is placed upon the value of real estate and the rents arising from its use, or upon the proceeds of the eventual sale, rather than upon the intangible property of the issuer or its earning capacity in the conduct of a business or industry. In any case, and notwithstanding the foregoing, the term includes securities where such primary reliance is placed upon the value, and the income derived from the use, of any of the following types of property, or upon the proceeds of the eventual sale of such real estate: hotel, apartment house, garage, office, or mercantile building, or combination thereof.

17. The term "equity securities" means:

(1) Stock of a corporation, or similar securities; or

(2) Securities embodying or including a right to convert into, or to subscribe for or purchase, such securities, specifically, for example, bonds convertible into stock, and warrants for the purchase of stock; or

(3) Securities representing obligations based upon a stated relation to earnings or profits, specifically, for example, income bonds.

18. The term "voting power" refers to the right under existing circumstances to vote or, by virtue of beneficial ownership of securities or otherwise, to direct votes for the selection of directors or persons performing similar functions.

19. The term "predecessor" means:

(1) The issuer, other than the registrant, of any outstanding securities which have been acquired within six months or which have been acquired or are to be acquired pursuant to the plan, directly or indirectly by the registrant, where ownership of such securities gives or will give control of such issuer; or

(2) The last or present owner of any interest in property which has been acquired within six months or which has been or is to be acquired pursuant to the plan, directly or indirectly by the registrant, and which comprised or comprises substantially all the assets used in the operation of a particular business of such owner or at least all such assets other than (a) any current assets and/or (b) investments as distinguished from operating assets, and each other person who was such an owner for a period of not less than six months within three years prior to the date of filing of the registration statement;
Provided, however, that the term does not include any statutory or judicial receiver or trustee, mortgage trustee, security holders' committee or member thereof, reorganization or readjustment manager, or nominee thereof, voting trust or voting trustee, or any person performing functions similar thereto.

Provided further, however, that the term is confined to a period of three years immediately preceding the filing of the registration statement, and, in case the predecessor is within (2) above, is further confined to the period, during such three years, of the ownership, by the predecessor, of the interest referred to.

20. Whenever any fixed period of time in the past is indicated, the point of departure is the date of filing of the registration statement.

21. Whenever words relating to the future are employed, the question relates solely to present intention.
CALCULATION OF FEE
(to be filled out whether or not the minimum fee is payable)

CONSIDERATION TO BE RECEIVED 1/

(1) Securities -

<table>
<thead>
<tr>
<th>Title or class, and amount or number</th>
<th>Aggregate market value</th>
<th>Date of market value</th>
<th>Aggregate face, par or stated value (state which)</th>
</tr>
</thead>
<tbody>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

(2) Property (other than securities)

(3) Claims not represented by securities

(4) Cash

Total

Fee payable if more than the minimum (One one-hundredth of one percent of above total)

1/ See Instruction 7, page 4 of Rules and Instructions accompanying this form.

2/ Attach a schedule indicating the basis for the valuation of the property at this figure in accordance with Instruction 7.
Form E-1

INFORMATION TO BE CONTAINED IN THE REGISTRATION STATEMENT

1. Exact name of registrant:

2. Office addresses:
   (a) Statutory office:
   (b) Principal business or executive office:

3. (a) The form or style of organization, such as individual, corporation, trust, partnership, etc.; (b) the date of organization; (c) if the registrant be a corporation, the name of the state or other sovereign power, and a reference to the statute thereof, under which it is incorporated.

4. If the registrant be a foreign or Territorial person, 1/ name and address of its authorized representative in the United States.

5. Character of business being done and intended to be done.

6. Approximate length of time the registrant has been engaged in such business.

7. State briefly the features of the reorganization which bring it within one or more of the classes of reorganization included in the term "reorganization" in paragraph 5 (1) of the Rules as to the Use of Form E-1, and if not within any of such classes, state briefly the features of the transaction which give to it the character of a reorganization.

THE BASIS OF EXCHANGE:

8. State the basis, by class and amount, upon which any securities of the registrant have been or are to be exchanged, 2/ pursuant to the plan by the issuer directly or through another person or persons, for:
   (a) Each unit of each class of other securities.
   (b) Secured claims, stating the names of the obligors, with a break-down, if necessary for clear understanding, identifying, but not describing, the property securing the respective claims and indicating the type of lien, pledge, mortgage, or other security interest.
   (c) Unsecured claims, stating the names of the obligors and the classes of claims.
   (d) Cash only.
   (e) Property, with an identification but not a description of the property.
   (f) Services, with an identification but not a description of the services.

Any cash payment to be made by or to the person or persons receiving such securities in conjunction therewith shall be set forth under the respective heading.

1/ See Definition 9, page 2 of this form.
2/ See Definition 8, page 2 of this form.
Form E-1

SCHEDULE OF SECURITIES OF THE REGISTRANT AND OTHER ISSUERS PRIOR TO THE PLAN

9. Give by means of separate tables in the following form the information required below concerning (1) the registrant (unless the securities registered hereunder are guaranties); (2) each issuer of any securities \( 2 \) for which any of the securities registered hereunder have been or are to be exchanged, pursuant to the plan. The information shall be given as of a named date immediately prior to the time the earliest part of the plan affecting the capital structure of such issuer was put into effect, or at the time of filing, whichever date is earlier; provided, however, that as to any such issuer (including the registrant) for which there is filed with the registration statement a balance sheet as of a date not more than 90 days prior to the date of filing, the information required by this item may be given as of the date of such balance sheet.

Issuer (insert name of issuer of securities set forth below)  
As of (insert date)  

(a) All capital stock:  

<table>
<thead>
<tr>
<th>Class of stock, indicating dividend rates if fixed</th>
<th>Par value (if any) per share</th>
<th>Number of shares outstanding</th>
<th>Names of all guarantors thereof</th>
</tr>
</thead>
</table>

(b) All other securities (not including evidence of indebtedness or guaranties):  

<table>
<thead>
<tr>
<th>Title of issue</th>
<th>Par or face value (if any) per unit</th>
<th>Number of units or total face amount outstanding</th>
<th>Names of all guarantors thereof</th>
</tr>
</thead>
</table>

(c) All bonds or other evidences of long-term indebtedness: \( 2 \)  

<table>
<thead>
<tr>
<th>Title of issue</th>
<th>Date of maturity (if due serially refer to item 11 (c) (2))</th>
<th>Interest rate (if not entirely on fixed basis refer to item 11 (c) (1))</th>
<th>Principal amount outstanding</th>
<th>Names of all guarantors thereof</th>
</tr>
</thead>
</table>

(d) Guaranties for which any securities (including guaranties) registered hereunder have been or are to be exchanged pursuant to the plan:  

<table>
<thead>
<tr>
<th>Name of primary issuer.</th>
<th>Class or title of security guaranteed</th>
<th>Number of shares, units or total face or principal amounts of guaranteed securities outstanding</th>
<th>Subject of guaranty. (whether principal, interest, dividends, etc.)</th>
</tr>
</thead>
</table>

\( 1 \) So far as such securities are guaranties the only information which need be given is that required under (d). The information required in this schedule may be omitted with regard to any security of a person other than the registrant, the holders of which, as such, have received, or are to receive, nothing of value pursuant to the plan, unless ownership of the security involved or involves a liability to assessment or other liability which might accrue to the benefit of holders of securities which have been or are to be exchanged for securities registered hereunder pursuant to the plan.

\( 2 \) "Long-term indebtedness", as used in this table, means any indebtedness (except a guaranty) the maturity of which is a year or more subsequent to the date on which the indebtedness was contracted or incurred; the fact that such maturity is accelerable or has been accelerated is immaterial if the indebtedness before acceleration accords with this definition.
Form E-1

SCHEDULE OF SECURITIES OF THE REGISTRANT UPON COMPLETION OF PLAN

10. Give by means of a table in the following form information concerning the securities 1/ of the registrant upon completion of the plan, whether registered hereunder or not:

(a) All capital stock:

<table>
<thead>
<tr>
<th>Class of stock, indicating dividend rate if fixed</th>
<th>Par value (if any) per share</th>
<th>Maximum number of shares to be authorized upon completion of the plan</th>
<th>Maximum number of shares which can be outstanding upon completion of the plan</th>
<th>Number of shares registered hereunder</th>
<th>Names of all guarantors thereof</th>
</tr>
</thead>
</table>

(b) All other securities (not including evidences of indebtedness or guaranties):

<table>
<thead>
<tr>
<th>Title of issue</th>
<th>Par or face value (if any) per unit</th>
<th>Maximum number of units or total face amount to be authorized upon completion of the plan</th>
<th>Maximum number of units or face amount which can be outstanding upon completion of the plan</th>
<th>Number of units or total face amount registered hereunder</th>
<th>Names of all guarantors thereof</th>
</tr>
</thead>
</table>

(c) All bonds or other evidences of long-term indebtedness: 2/

<table>
<thead>
<tr>
<th>Title of issue</th>
<th>Term of issue or date of maturity (if due serially refer to item 13)</th>
<th>Interest rate (if not entirely on fixed basis refer to item 13)</th>
<th>Maximum principal amount to be authorized upon completion of the plan</th>
<th>Maximum principal amount which can be outstanding upon completion of the plan</th>
<th>Principal amount hereunder</th>
<th>Names of all guarantors thereof</th>
</tr>
</thead>
</table>

(d) Guaranties of securities:

<table>
<thead>
<tr>
<th>Name of primary issuer</th>
<th>Class or title of security guaranteed</th>
<th>Maximum number of shares, units or face or principal amount of security to be guaranteed upon completion of the plan</th>
<th>Subject of guaranty (whether principal, interest, dividends, etc.)</th>
</tr>
</thead>
</table>

1/ If the securities registered hereunder are guaranties, the only information which need be given is that required under (d).

2/ "Long-term indebtedness" as used in this table, means any indebtedness (except a guaranty) the maturity of which is a year or more subsequent to the date on which the indebtedness was contracted or incurred; the fact that such maturity is accelerable or has been accelerated is immaterial if the indebtedness before acceleration accords with this definition.
11. Summarize briefly the principal provisions of the governing instruments, exclusive of statutes, with respect to the following:

(a) for each security listed in answer to item 9, of the classes covered by (a) thereof —
   (1) voting rights;
   (2) dividend rights;
   (3) rights on liquidation;
   (4) conversion rights;
   (5) preemptive rights;
   (6) subscription or purchase rights;
   (7) restrictions on the issuance of the same or any senior class of securities;
   (8) provisions as to redemption;
   (9) liability to assessment;

(b) for each security listed in answer to item 9, of the classes covered by (b) thereof, the same subjects as those stated above under (a); and, in addition, for any such security issued under a trust agreement —
   (10) duration of the trust agreement;
   (11) method of selection of original, additional and successor trustees;
   (12) limitations on powers of trustees to deal with the corpus of the trust;
   (13) compensation of trustees;
   (14) limitation of liability of trustees;

(c) for each security listed in answer to item 9, of the classes covered by (c) thereof —
   (1) interest;
   (2) term of issue or maturity date, stating all serial maturities, if any, and the respective amounts thereof;
   (3) sinking fund;
   (4) security, including an identification, but not a description, of the property pledged or mortgaged and a brief summary of the principal provisions for substitution of security, stating whether or not any notice is required in connection with any such substitution;
   (5) voting rights;
   (6) conversion rights;
   (7) subscription rights;
   (8) restrictions on the issuance of additional securities;
   (9) provisions as to redemption;
   (10) amendment of the governing instruments, including particularly the conditions for the exercise of a power of amendment, the persons authorized to make an amendment, and the notice, if any, required to be given to security holders regarding any amendment;

(d) for each security listed in answer to item 9 —
   (1) names of guarantors of (named) security as to principal, liquidating and/or any other value, interest and/or dividends;
   (2) amount of principal, liquidating and/or any other value, interest and/or dividends guaranteed;
   (3) time for performance of guaranty;
   (4) person or persons to whom the guaranty runs;
   (5) any condition precedent to accrual of a cause of action on the guaranty other than failure of payment of the sum guaranteed.

Provided, however, that: (1) as to any security listed under both items 9 and 10, no information which is stated under item 13 need be given here, but in case of omission of such information here, refer to item 13; (2) as to any security (other than a security issued by the registrant) listed under item 9, no holder of which, as such, has received or is to receive anything pursuant to the plan, no information need be given except with respect to liability of holders to assessment.
12. Describe briefly the property constituting the security referred to in answers under item 11 (c) (4). If such property includes securities which have a readily realizable market value, state such value as of a date within 20 days and attach the statement designated as Exhibit K. If any property consists of real estate or an interest in real estate, the description should consist of a statement as to the location and a brief general description of the land and/or principal buildings or other structures included in such real estate and a brief statement as to the present use of such real estate. If any such property is described in answer to item 14 and/or item 44, its description may be omitted here if reference is made to the item in answer to which the description is given.

13. Summarize briefly the principal provisions of the governing instruments exclusive of statutes concerning each security listed in answer to items 10(a), 10(b) or 10(c), with respect to the subjects listed under items 11(a), 11(b) and 11(c), respectively; and, concerning all securities listed in answer to item 10, with respect to the subjects listed under item 11(d). Provided, however, that if none of the securities listed in answer to item 10(a) and 10(b) are registered hereunder information required by this item (item 13) concerning such securities need not be given.

14. For any property which was referred to in answer to item 13 as constituting the security for bonds or other evidences of long-term indebtedness give a brief description such as that required by item 12. If any such property is described in answer to item 39, its description may be omitted here if reference is made to that item. If any of the property consists of securities, the statement to be attached shall contain information similar to that required under Exhibit K, but shall be designated as Exhibit K-1.

15. (a) Give the name, address, and principal occupations for the past three years of each person occupying, or designated by the plan to occupy, any of the following positions in the registrant, listing each position separately, and repeating the names of such persons as occupy more than one position:

If the registrant be a corporation or association, the directors and the chief executive, financial and accounting officers;

If the registrant be a trust, the trustees;

If the registrant be a partnership, the partners, indicating any limited or special partners as such.

(b) With regard to such persons named above as are not yet occupying the positions named, state whether or not their consent to occupy such positions has been obtained.

16. Give the information required below for the 10 largest security holders of the registrant from the standpoint of voting power, as of a named date within 20 days. There may be omitted from the answer to this item information concerning security holders having less than one per cent of the voting power.

As of (insert date)

<table>
<thead>
<tr>
<th>Name and address</th>
<th>Indicate whether record or beneficial ownership</th>
<th>Number and classes of voting securities owned (list separately each class owned by each person)</th>
<th>Percentage of total voting power in registrant represented by such securities (give only aggregate percentages for each holder)</th>
</tr>
</thead>
</table>

1/ If such governing instruments are not yet effective at the date of filing of the registration statement, in place of the summarization of such instruments summarization may be made of the provisions (if any) of the plan in regard thereto, if it is stated that the summarization is made on that basis.
17. If the registrant has been in existence for more than a year, give the information required below as to the securities issued by it and held by each director, officer, partner, or trustee thereof, as of a named date within twenty days, and as of a named date approximately one year previous.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Securities held as of (insert date within 20 days)</th>
<th>Securities held as of (insert approximate 1 year previous)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Title or number of class of shares or security units or principal amount</td>
<td>Title or number of class of shares or security units or principal amount</td>
</tr>
</tbody>
</table>

18. If any of the securities listed in item 10 are or are to become subject to a voting trust or other agreement for the holding of securities for voting purposes pursuant to the plan, summarize briefly the principal provisions thereof, with respect to:

(a) The number and class of securities which are authorized to become so subject;
(b) The duration of the agreement;
(c) The method of selection of original, additional and successor trustees;
(d) The limitations, if any, on the voting power of the trustees;
(e) The compensation of the trustees.

19. (a) Name, address and principal occupation for the past three years of the persons now acting, or designated by the plan to act, as voting trustees under any agreement referred to in item 18.

(b) With regard to such persons named above as are not yet acting as voting trustees, state whether or not their consent so to act has been obtained.

20. Names and addresses of: (a) members of all security holders' committees and reorganization committees known to be or to have been publicly recommending the plan; (b) reorganization managers serving in connection with the plan.

21. State which, if any, of the following relationships with reference to the registrant or any of its predecessors is occupied, or was occupied, directly or indirectly, within two years prior to the filing of the registration statement by any person named in answer to items 15, 19, or 20:

(1) officer; (2) director; (3) trustee; (4) partner; (5) counsel (such relationship being based upon a general retainer, or a regular course of practice); (6) creditor, whose claim (not represented by a security) exceeds, or at any time during the period of such relationship exceeded, $50,000; (7) beneficial owner, directly or indirectly, of securities carrying more than twenty-five per cent of the voting power; (8) purchaser or seller of goods or services in a regular course of dealing; (9) principal underwriter of any securities listed in answer to items 9 and 10.

1/ Answer to items 16 and 19 may be omitted with regard to the provisions of any voting trust agreement and with regard to the trustees acting under any voting trust agreement if the certificates issued under the agreement are being concurrently registered on the appropriate form therefor. In such case, include a reference to such statement, however.

2/ If such agreement is not yet effective at the date of the filing of the registration statement, summarization may be made of the provisions (if any) of the plan in regard thereto, if it is stated that the summarization is made on that basis.
In addition, in each case state the approximate period of the existence of the relationship, and give the information specified after the number, concerning each relationship indicated by the following numbers: (1), the title of office; (6), the existing amount of the claim, and its maximum amount at any time during the period of such relationship, and the character of origin of the claim; (7), percentage of voting power controlled; (8), a brief description of the character of the goods and/or services purchased or sold; (9), identification of the securities underwritten. The information required by this paragraph is to be confined to the period of two years prior to the filing of the registration statement.

For the purpose of this item, any person controlling a person named in answer to items 15, 19, or 20, is to be treated as if named himself in answer to such items.

22. Names and addresses of legal counsel acting for the registrant in connection with the securities registered hereunder.

23. Give the information required below with respect to the securities issued or to be issued pursuant to the plan which each of the following persons has received or is or will be entitled to receive pursuant to the plan, (1) as a security holder on the same basis as other security holders, and (2) otherwise:

Any person who is, or within the past two years has been an officer, director, partner or trustee of the registrant or of any of the registrant's predecessors or trustee of an issuer of voting trust certificates representing securities of the registrant or any of its predecessors; any person named in answer to items 16 or 20; any persons not already included in the above, who, upon completion of the plan, is entitled to become one of the 10 largest security holders of the registrant from the standpoint of voting power. There may be omitted from the answer to subdivision (1) of this item information concerning security holders (other than any person who is or is to be an officer, director, partner, or trustee of the registrant or the trustee for voting trust certificates representing securities of the registrant) whose proportionate voting power will amount to less than three per cent.

In the amount of voting power to which any person is entitled pursuant to the plan is a matter of choice with that person, the registrant should, where the choice is not yet known to it, assume that securities with the largest voting power have been or will be chosen. The answer may be based on the situation as known on a named date within the past twenty days, but so far as this situation is known to change materially before the statement becomes effective, the answer must be brought into conformity with such change. State which of the persons named hereunder has agreed, either conditionally or unconditionally, to accept the securities entered below opposite his name.

24. Furnish complete lists of the following:

(a) All subsidiaries of the registrant. Indent by the same space from the left margin all subsidiaries of the same degree of remoteness from the registrant, commencing with the immediate subsidiaries, further indenting each class of more remote subsidiaries, and placing each subsidiary under the person or persons immediately controlling it, and state what percentage, if any, of voting power is represented by securities owned by such person or persons.

This item requires a listing only of those affiliates of the registrant which are parents or subsidiaries of the registrant and of those affiliates through which the registrant, a parent, or subsidiary, is controlled. The information required by this item may, at the option of the registrant, be furnished in graphic form by a chart or diagram on sheets folded to the size of the standard registration paper, or graphic exhibits may be employed as supplemental to the list to clarify particular relationships between the issuer and any affiliates required to be listed. It two or more sheets are used, the tie of each sheet to the others must be clearly indicated.
(b) All parents of the registrant. Indent by the same space from the left margin all parents of the same degree of remoteness from the registrant, commencing with the most remote, further indenting each class of less remote persons, and placing each person under the person or persons immediately controlling it. Include the registrant in the list to show its relationship to the persons controlling it. After each parent, and after the registrant, state the general basis for its control by the person or persons immediately controlling it, and state what percentage, if any, of voting power is represented by securities owned by such person or persons.

Where any person listed is immediately controlled by or through two or more persons jointly, list all such persons and list the controlled person under each of them, indicating its status by appropriate cross references.

RENUMERATION, ACQUISITION OF PROPERTY, AND CASH RECEIPTS

25. Give the information required below concerning the remuneration paid and to be paid by the registrant and its affiliates, directly or indirectly, to the following officials of the registrant, in all of their capacities (except as security holders):

(a) each director, if the registrant be a corporation or association; (b) each trustee, if the registrant be a trust; (c) each partner, if the registrant be a partnership; (d) each officer or employee whose aggregate remuneration exceeds or is to exceed in value $25,000 per year.

Name Capacity in which remuneration was or is to be received Remuneration from all above sources, indicating medium of payment, During the past calendar or fiscal year (indicate which) During the ensuing year (estimated)

26. Identify:

(a) Any property in which any interest has been or is to be acquired pursuant to the plan, directly or indirectly, otherwise than in the ordinary course of business, by the registrant from:

(1) any person who is, or at the time of the acquisition was, an officer, director, trustee or partner of the registrant or a trustee of an issuer of voting trust certificates representing the securities of the registrant;

(2) any person named in answer to items 16, 19, or 20;

(3) any person not already included in the above who is entitled to become, upon completion of the plan, one of the ten largest security holders of the registrant from the standpoint of voting power, unless his proportionate voting power will amount to less than one per cent;

(4) any corporation, association, trust or partnership in which any of the persons included in any of the classes specified in (1), (2), and (3) above, is, or at the time of the acquisition was, an officer, director, trustee, partner or controlling security holder;

(5) any person who is, or at the time of the acquisition was, an officer, director, trustee, or partner of any such corporation, association, trust or partnership;

(6) any person who occupies, or at the time of the acquisition occupied, the relationship of affiliate to the registrant;

(b) any property in which any interest has been acquired within two years directly or indirectly, otherwise than in the ordinary course of business, by the registrant or by any predecessor of the registrant from:

(1) any person who at the time of the acquisition was an officer, director, trustee or partner of the person acquiring such interest, or trustee of an issuer of voting trust certificates representing securities of the person acquiring such interest;
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(2) any corporation, association, trust or partnership in which any such person was at the time of the acquisition an officer, director, trustee, partner or controlling security holder;

(3) any person who at the time of the acquisition was an officer, director, trustee or partner of any such corporation, association, trust or partnership;

(4) any person who at the time of the acquisition occupied the relationship of affiliate to the person acquiring such interest.

Name each person from whom each such interest has been or is to be acquired in such manner.

The property referred to in this item does not include securities exchanged or to be exchanged, directly or indirectly, for securities, pursuant to the plan on the same basis as securities of other security holders.

For the purpose of this item the purchase of any interest in property at a foreclosure sale (other than a private sale) or at any judicial sale is not to be considered to be an acquisition of such interest from any of the persons referred to in this item.

27. Where, with regard to any interest listed in item 26, the cost to the registrant differs from that to the named person from whom such interest has been or is to be acquired, state: (1) the cost of the interest to the named person; (2) the cost thereof to the registrant, where such has been determined; (3) the difference between (1) and (2).

In giving the cost of the interest to the named person only the cost of property which was purchased entirely for cash and/or obligations for the payment of money and/or securities having a readily realizable market value need be stated.

28. (a) Name and address of each underwriter of the securities registered hereunder.

(b) Indicate which, if any, of such underwriters are affiliates of the registrant.

(c) Summarize briefly the principal provisions of each underwriting contract as to:

(1) The parties to the contract;

(2) The amount of securities covered;

(3) The price paid or to be paid by the underwriter, and/or the commissions, fees, salaries, bonuses, or other remuneration to be paid, or the discount to be allowed, by the registrant, directly or indirectly, to the underwriter; and

(4) The date and duration of the contract.

29. (a) Give a reasonably itemized statement, subject to contingencies and future developments, of the expenses of the reorganization incurred or to be incurred by, or for the account of, the registrant (including legal, accounting, engineering, certification, authentication, and other expenses and charges in connection with the issuance and sale of the securities registered hereunder). So far as this statement relates to items not yet determined, give an estimate for each item or state a maximum, indicating it as such.

(b) Summarize briefly those provisions of the plan under which further expenses of the reorganization may be incurred which will be chargeable to the registrant.

30. Amount of cash, if any, (a) obtained or to be obtained by the registrant by the issue or sale of any securities registered hereunder, and (b) obtained or to be obtained by it by the issue or sale of any other securities to be issued or sold pursuant to the plan. If any such amount is not fixed, give an estimate or state a maximum, indicating it as such.
31. State the sources other than those set forth under item 30 from which any cash has been or is to be obtained by the registrant pursuant to the plan. Except with regard to income received or to be received from the property involved in the reorganization, state the amount raised or to be raised from each source, or if any such amount is not fixed, in its place give an estimate or state a maximum, indicating it as such.

32. A brief statement of the different purposes (other than those specified in item 29) and the estimated or maximum amount devoted or to be devoted to each purpose, as far as determinable, for which the funds set out in items 32 and 31 have been or are to be used.

So far as they have been or are to be devoted to payment for the following state the amounts devoted to each:

(a) Securities, stating the parties to each contract for the acquisition of the securities, the amounts paid or payable on each contract, the amount and an identification of the securities purchased or to be purchased. In the case of a number of standard contracts with a class of persons, it will be sufficient to state the above terms in the standard contract, the class of persons, and the total securities covered.

(b) Secured claims, stating the names of the obligors, with a breakdown, if necessary for a clear understanding, identifying, but not describing, the property securing the respective claims and indicating the type of lien, pledge, mortgage, or other security interest.

(c) Unsecured claims, stating the names of the obligors and the classes of claims.

(d) Property, with an identification but not a description of the property.

(e) Services, with an identification but not a description of the services.

33. The price or prices per unit at which any security registered hereunder is proposed to be offered for cash to the public: 1/ if such price is not fixed, the method by which the price is to be computed or determined.

34. State the amount of cash paid or to be paid per unit for such securities of the registrant (of the class of those registered hereunder and proposed to be offered for cash to the public 1/) as are to be outstanding on completion of the plan and as were issued or sold within one year or pursuant to the plan, or are to be issued or sold pursuant to the plan, by the registrant, to others than a member of the public 1/. The answer to this item may be omitted to the extent that the required information is furnished in answer to item 33.

35. State the value, as calculated below, of any property (including securities) conveyed or to be conveyed per unit of such securities as are mentioned in item 34.

Only such property need be included in the answer to this item as (1) consists of securities having a readily realizable market value or (2) was within the last two years or is to be the subject of sale, for cash, obligations for the payment of money and/or securities having a readily realizable market value, by a person independent of the "seller" (the person conveying such property to the registrant) or (3) was within the last two years or is to be pursuant to the plan the subject of exchange for such property by a person independent of the "seller".

The value of securities included under (1) shall be calculated upon the basis of the market value, as established by a bona fide transaction of sale on the date of the conveyance or on a date within 2C days whichever date is earlier. Otherwise, it shall be calculated upon the basis

1/ Including a substantial class of security holders or their representatives.
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of the last sale or exchange of the property made within two years by a person independent of the "seller". 1/  

36. The amount of the commission or other remuneration paid or payable or of the discount allowed or to be allowed by the registrant or its affiliates or by any security holders' committee or the members thereof or any reorganization or readjustment managers serving in connection with the plan, to each underwriter per unit of securities; or the difference between the price paid or payable per unit by each underwriter to the registrant or its affiliates or to any security holders' committee or the members thereof or to any reorganization or readjustment managers serving in connection with the plan, and the price per unit of securities stated in item 33. In answering this item, divide the aggregate commission, remuneration, or discount by the number of units covered by the agreement; if the amount of commission, remuneration, or discount varies with varying circumstances, such as the amount of securities sold or purchased, or the prices realized, give brief illustrative answers based on a reasonable selection of various illustrative hypotheses and refer to the answer to item 28.

37. If the securities registered hereunder are guaranties:  
(a) Describe briefly the relationship of the registrant to the primary issuer of the securities guaranteed.

(b) State the consideration to be received by the registrant for making the contract or contracts of guaranty, except insofar as this information may have been given elsewhere in the registration statement, in which case include a reference to the item under which it is given.

38. As to any securities issued or to be issued by the registrant, list the outstanding options given by it, or to be given by it pursuant to the plan, or otherwise given or to be given pursuant to the plan; the price and other terms on which such options may be exercised; the number or amount and class or title of securities covered by each option; the name and address of each person, if an allotted or to be allotted options covering more than 10 per cent of the total number, par or stated value, or principal amount, of each class of securities subject to option, together with the consideration given or to be given by such persons.  
2/ Information need not be given in answer to this item with reference to options evidenced by an issue of securities which are described elsewhere in the registration statement.

MISCELLANEOUS

39. (a) Dates of, parties to, and principal provisions briefly summarized of every material contract 3/ (other than patents not made in the

1/ It is recognized that this value may be misleadingly low in some cases. The registrant may, therefore, in addition include a valuation which takes into account expenses and compensation for the "seller", if there is also stated the nature of the expenses and the basis for the compensation.

2/ There may be omitted such of this information as is given elsewhere in the registration statement, if a reference is included to the item under which it is given.

3/ The term "material contract" has the meaning given in the Act: "Any management contract or contract providing for special bonuses or profit sharing arrangements, and every material patent or contract for a material patent right, and every contract by or with a public utility company or an affiliate thereof, providing for the giving or receiving of technical or financial advice or service (if such contract may involve a charge to any party thereto at a rate in excess of $2,500 per year in cash or securities or anything else of value) shall be deemed a material contract." In addition it includes any contract which might materially affect the value of any of the securities registered hereunder. Only such material contracts need by set forth as to which either the registrant or any subsidiary of the registrant or any person to become a subsidiary of the registrant pursuant to the plan, is a party or will become a party pursuant to the plan by assumption or otherwise, or any contract in which any such person has, or is to have pursuant to the plan, a beneficial interest, or any contract of which any property or property interest of any such person is, or is to be, pursuant to the plan, the subject. Under certain conditions, the disclosure of certain portions of material contracts is not required, however. See rules of the Commission of May 10, 1934.
ordinary course of business, which is to be performed in whole or in part at or after the time of filing of the registration statement, or which has been made within two years,

(b) A brief resume of every material patent 1/ which the plan expressly provides is to be exploited by the registrant, directly or indirectly.

40. (a) State whether or not any legal proceedings are pending (1) to which the registrant or any affiliate thereof or any issuer of securities to be acquired, directly or indirectly, by the registrant pursuant to the plan, is a party or (2) which involves any property acquired or to be acquired, directly or indirectly, by the registrant pursuant to the plan; and (3) which might materially affect the value of any of the securities registered hereunder.

(b) Describe briefly the nature of any such pending proceedings and state with respect thereto the name of the court and the title of the case, showing the names of the first-named plaintiff and the first-named defendant.

41. With respect to each denial by a governmental regulatory body affecting the right to sell securities issued by the registrant, explain briefly the grounds of the denial. State whether any modification, suspension, or rescission of such denial has taken place, and the grounds for such action.

42. State the frequency and general scope of independent audits or examinations made and proposed to be made of the accounts of the issuer, and the name and address of the public or certified public accountant or accounting firm, if any, engaged or proposed to be engaged to make the same.

43. If any expert named in this registration statement as having prepared or certified any part of the statement, (a) has any interest in the registrant or any affiliate thereof or is to receive any such interest as a payment for such statement or (b) is an officer or employee of the registrant or any affiliate thereof, or (c) has been employed upon a contingent basis; a brief statement of the nature of such interest, office, employment or contingent basis.

ASSETS AND FINANCIAL DATA

44. If the securities registered hereunder are "real estate securities", give, with regard to the real estate which is the basis of the classification of such securities as real estate securities within Definition 16, the following information:

(a) The nature of the interest (as owner or lessee) in such real estate held or pursuant to the plan to be acquired, directly or indirectly, by the registrant.

(b) The location and a brief general description of the land and/or principal buildings or other structures held or pursuant to the plan to be acquired, directly or indirectly, by the registrant (as owner or lessee); a statement as to the approximate age of such buildings or other structures.

(c) A statement as to the general use to which such land and/or principal buildings or other structures are being or are proposed to be put by the registrant or by lessees or sub-lessees of the registrant.

(d) A statement as of a date within 90 days as to the occupancy of each of such buildings, used or to be used principally for residential, office, mercantile and/or manufacturing purposes, the income received by the registrant from which will vary with its occupancy, either stating the approximate percentage or proportion of such occupancy or otherwise indicating the approximate extent of such occupancy of such buildings or other structures.

1/ See footnote 2/ page 16.
(e) State whether or not the principal furniture, furnishings and equipment, if any, used or proposed presently to be used by the registrant in connection with such buildings or other structures are owned by the registrant or are to be acquired by it pursuant to the plan, and, if so, give a brief statement with respect to the liens thereon other than liens securing any securities registered hereunder.

(f) State (1) the aggregate general property taxes assessed against such real estate for the last tax year for which such taxes have been billed; (2) the amount of all such taxes and special assessments against such real estate which have been billed and which remain unpaid as of a date not more than 90 days prior to the filing of this registration statement; the latter amount may be stated exclusive of any interest and/or penalties thereon.

45. If any property acquired within six months or acquired or to be acquired pursuant to the plan, directly or indirectly by the registrant, comprised or comprises substantially all of the assets of a person used, within three years prior to the date of acquisition or of the filing of the registration statement whichever date is earlier, in the operation of a particular business of such person, or at least all such assets other than (a) current assets and/or (b) investments as distinguished from operating assets, state the prices specified below realized upon any organized exchange for every equity security issued in the operation of such business by the last of such persons who was owner of any interest in such property for a period of six months or more:

(1) the high and low prices (with dates) during the three months prior to the date of transfer of the interest by such person, of the acquisition by the registrant, or of the filing of this registration statement whichever date is earlier;

(2) the average price on the (named) day in the three months prior to the date referred to in (1), on which the largest number or greatest principal amount was sold on a (named) exchange;

(3) the average price on a (named) day within 15 days prior to the date referred to in (1).

In each case name the exchange referred to, identify the securities, and give the number or principal amount of such securities sold on that exchange on the day named.

46. If securities issued by another person, acquired within six months or acquired or to be acquired pursuant to the plan by the registrant, either (1) give or will give the registrant control of the issuer thereof or (2) comprise or will comprise 25% or more of the assets acquired within six months and acquired or to be acquired pursuant to the plan by the registrant, state the prices specified in item 45 under (1), (2), and (3), at which (a) such securities and (b) all equity securities issued by the same issuer other than those, if any, thus acquired or to be acquired, have been sold on any organized exchange.

In each case name the exchange referred to, identifying the security, and give the number or principal amount of such securities sold on that exchange on the day named.

47. Under conditions outlined in item 46, summarize briefly the principal provisions of the governing instruments, exclusive of statutes, relating to such securities and all securities of the same issuer of a class senior thereto which concern the matters cited in the following items: 11(a) (1), (2), (3), (7), 11(b), (10), (12); 11(c) (1), (2), (3), (4), (7), (9); 11(d) (1)-(5). Insofar as information required by this item is given elsewhere in the registration statement, it may be omitted here, if a reference is included to the item under which the information is given.

48. Under conditions outlined in items 45 or 46, and subject to the provisions of notes A to E inclusive, (1) if such property or securities have already been acquired, attach Exhibits L and M; (2) if such property or securities are still to be acquired, attach Exhibits N and O.
49. (a) If the only sale of securities registered hereunder which is to be made by the registrant consists in a modification of the terms of outstanding securities issued by it or in an exchange of securities registered hereunder for such securities, attach Exhibits P and Q.

(b) Otherwise, attach Exhibits G and R, and if property or securities are still to be acquired pursuant to the plan attach Exhibit S.

50. If the registrant controls one or more subsidiaries through direct or indirect ownership of securities carrying under existing circumstances over 50 per cent of the power to vote for the election of directors of such subsidiaries or for the election of persons performing similar functions, submit consolidated statements of the registrant and such subsidiaries, as described in Exhibit V; provided, however, that any such subsidiaries may be excluded from any such consolidated statements if there is furnished with the registration statement a certificate, signed by the accountant who certifies to the financial statements of the registrant filed herewith, and stating that, in the opinion of such accountant, for the reasons therein specified, inclusion of the omitted subsidiary or subsidiaries in the consolidated statements with the registrant either would be misleading or would involve effort and expense out of due proportion to the value of the information and/or presentation which would be gained thereby.

51. In case the plan involves release or extension of a guaranty as to the principal or liquidating value of, and/or interest or dividends on securities which have been or are to be exchanged, pursuant to the plan, for securities registered hereunder, subject to the provisions of Note E, attach Exhibits W and X.
The following exhibits shall be attached as a part of the registration statement except that Exhibits K to S inclusive and V to X inclusive need be furnished only under the circumstances outlined in the items referred to in the description of such exhibits. The registrant may file such other exhibits as it may desire, marking them so as to indicate clearly the items to which they refer.

**Exhibit A.** A copy of the articles of incorporation, with all amendments thereof, if the registrant be a corporation, together with its existing by-laws or instruments corresponding thereto, whatever the name; a copy of all instruments by which a trust is created, declared, or is continuing, if the registrant be a trust; a copy of the articles of partnership or association and all other papers pertaining to its organization, including trust agreements, if the registrant be a partnership, unincorporated association, joint-stock company, or other form of organization.

**Exhibit B.** Copy of the latest annual report of the registrant, if any, to stockholders, association members or beneficiaries.

**Exhibit C.** Certified copies of orders, if any, of all governmental regulatory bodies by which any securities of the registrant were or are denied the right to be sold (see item 41) and of any subsequent orders of such bodies with respect to such denials.

**Exhibit D.** Copies of all indentures or agreements, if any, under which any securities constituting evidences of indebtedness registered hereunder have been or are to be issued, and all amendments or supplements thereto.

**Exhibit E.** A copy of all agreements, if any, (or if identical agreements are used, the forms thereof) made with any underwriter of the securities registered hereunder, including all contracts and agreements referred to in item 28 (c) above.

**Exhibit F.** A copy of any opinion or opinions of counsel in respect to the legality of the issue, with an English translation thereof when in a foreign language.

**Exhibit G.** A copy (specimen, if available) of each security of the registrant now outstanding or to be registered hereunder.

**Exhibit H.** Copies of other material documents, if any, referred to in answer to item 39 above. If, however, more than 10 material patents, granted by the United States Patent Office, are referred to in that item, a copy of any such material patent may be omitted from this Exhibit if there is supplied in its place the United States Patent Office patent number thereof.

**Exhibit I.** Unless previously filed, copies of the deposit agreement and the plan, with all modifications and supplements thereto.

**Exhibit J.** A copy of the prospectus proposed to be used in connection with the securities for which this registration statement is filed.

**Exhibit K.** (See items 12 and 14). A list of the securities pledged as collateral security, stating: (1) Name of issuer, (2) Class or title of security, (3) Number of shares or units or aggregate face amount, (4) The aggregate market value, if any, of each item of securities, as of a named date within 20 days.

**Exhibit L.** (See item 48) A balance sheet of each person whose property was acquired and of each issuer of securities which were acquired within six months or pursuant to the plan, in substantially the form prescribed in F. S. (Financial Statement) Form No. 1 1/, accompanied by the schedules required under F. S. Instruction set No. 1. Such balance sheet must be as of a date not more than 90 days prior to the acquisition of such property or securities by the registrant; and if such balance sheet and supplemental schedules be not certified by an independent public accountant.

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1/ But see Instruction 2, Rules and Instructions accompanying Form E-1.
or independent certified public accountant, there must be furnished, in addition, a balance sheet of such person or issuer as of a date not more than one year prior to the acquisition, including the schedules and other information, so certified. 1/ See Notes A and C to E, inclusive. In case the acquisition was of securities, the schedules called for under F.S. Instruction set No. 1 shall be furnished, but they need not be furnished if the acquisition was of property.

Exhibit H. (See item 48) In the case of securities acquired within six months or pursuant to the plan, a profit and loss statement of each issuer of such securities, for the latest fiscal year prior to the acquisition for which such statement is available and for the two preceding fiscal years, year by year, or if the issuer was in actual business for less than three years prior to the acquisition, then for such time prior thereto as the issuer was in actual business, year by year. If the date of the acquisition is more than six months after the closing date of such latest fiscal year, submit profit and loss statement from such closing date to the latest practicable date prior to the acquisition. In the case of property acquired within six months or pursuant to the plan, profit and loss statements of each predecessor who owned such property; such statements need cover only the period of ownership and, in any case, need include no period more than three years prior to the acquisition or less than six months prior to the filing of this registration statement; no such statement shall cover more than fifteen months. All statements shall be in substantially the form prescribed in F.S. form No. 2, and shall be accompanied by the supplemental schedules required under F.S. Instruction set No. 2. They must be certified by an independent public or independent certified public accountant. See notes B, C and E.

Exhibit N. (See item 48) A balance sheet of each person whose property is to be acquired and of each issuer of securities which are to be acquired pursuant to the plan, in substantially the form prescribed in F.S. form No. 1 ½, accompanied by the schedules required under F.S. Instruction set No. 1. Such balance sheet must be as of a date not more than 90 days prior to the date of the filing of this registration statement; and if such balance sheet and supplemental schedules be not certified by an independent public or independent certified public accountant, there must be furnished, in addition, a balance sheet of such person or issuer as of a date not more than one year prior to the date of the filing of this registration statement, including the schedules and other information, so certified. See Notes A and C to E, inclusive.

Exhibit O. (See item 48) Profit and loss statements of each issuer of securities to be acquired pursuant to the plan, for the latest fiscal year for which such statement is available and for the two preceding fiscal years, year by year, or if the issuer has been in actual business for less than three years, then for such time as the issuer has been in actual business, year by year. If the date of the filing of this registration statement is more than six months after the closing date of such latest fiscal year, submit profit and loss statement from such closing date to the latest practicable date. In the case of property to be acquired pursuant to the plan, profit and loss statements of each predecessor who owns or has owned such property; such statements need cover only the period of ownership and, in any case, need include no period more than three years or less than six months prior to the date of the filing of this registration statement; no such statement shall cover more than fifteen months. All statements shall be in substantially the form prescribed in F.S. form No. 2, and shall be accompanied by the supplemental schedules required under F.S. Instruction set No. 2. They must be certified by an independent public or independent certified public accountant. See Notes B, C and E.

1/ Certificates of independent public or independent certified public accountants shall conform to Article 15 of the rules and regulations, as amended. They shall be accompanied by the consent of the accountant to the use thereof as required by section 7 of the Act.

2/ But see Instruction 2, Rules and Instructions accompanying Form E-1.
Exhibit P. (See item 49 (a)) A balance sheet of the registrant as of a date not more than 90 days prior to the date of the filing of this registration statement, in substantially the form prescribed in F.S. form No. 3, accompanied by the schedules required under F.S. Instructions set No. 1. If such balance sheet and supplemental schedules be not certified by an independent public or independent certified public accountant, there must be furnished, in addition, a balance sheet of the registrant as of a date not more than one year prior to the date of the filing of this registration statement, including the schedules and other information, so certified.

In case there are two balance sheets, as above indicated, the later uncertified one need not be supplemented by schedules which would be a duplication of any supplementing the earlier certified one. The balance sheet or balance sheets shall contain the breakdown substantially as indicated in F.S. form No. 1. The one as of a date not more than 90 days prior to the date of the filing shall contain the pro-forma debit and credit entries required to give effect to the proposed transactions pursuant to the plan, and a pro-forma balance sheet giving effect to such transactions in substantially the form prescribed in F.S. form No. 3. The certification need not relate to such pro-forma debit and credit entries and to such pro-forma balance sheet.

Exhibit Q. (See item 49 (a) and (b)) A profit and loss statement of the registrant for the latest fiscal year for which such statement is available and for the two preceding fiscal years, year by year, or if the registrant has been in actual business for less than three years, then for such time as the registrant has been in actual business, year by year. If the date of the filing of this registration statement is more than six months after the closing date of such latest fiscal year, submit profit and loss statement from such closing date to the latest practicable date. Such statements shall be in substantially the form prescribed in F.S. form No. 2 and shall be accompanied by the supplemental schedules required under F.S. Instructions set No. 2. They must be certified by an independent public or independent certified public accountant.

Exhibit R. (See item 49 (b)) A balance sheet of the registrant as of a date not more than 90 days prior to the date of the filing of this registration statement in substantially the form prescribed in F.S. form No. 1, accompanied by the schedules required under F.S. Instructions set No. 1. If such balance sheet and supplemental schedules be not certified by an independent public or independent certified public accountant, there must be furnished, in addition, a balance sheet of the registrant as of a date not more than one year prior to the date of the filing of this registration statement, including the schedules and other information, so certified.

Exhibit S. (See item 49 (b)) A pro-forma balance sheet of the registrant as of a date not more than 90 days prior to the date of the filing of this registration statement giving effect to the proposed acquisition, which shall be in substantially the form prescribed in F.S. Form No. 1; or if the securities registered hereunder are "real estate securities" there may be submitted in lieu of the balance sheet a pro-forma schedule of assets and liabilities giving effect to the proposed acquisitions, except that assets to be acquired consisting of real estate, furniture, fixtures and equipment may be entered without a statement of any value thereof.

Exhibit T. A balance sheet of each issuer of securities, held by more than 25 persons or their representatives, which are to be exchanged for securities registered hereunder pursuant to the plan, in substantially the form prescribed in F.S. Form No. 1 f/, accompanied by the schedules required under F.S. Instructions set No. 1. Such balance sheet must be as of a date not more than 90 days prior to the date of the filing of this registration statement. If such balance sheet and supplemental schedules be not certified by an independent public or independent certified public accountant, there must be furnished, in addition, a balance sheet as of a date not more than one year prior to the date of the filing of this registration statement, including the schedules and other information, so certified. See Notes C to E below. This exhibit may be omitted if the required information is furnished elsewhere in the registration statement, in which case include a reference to the exhibit furnishing it.

f/ But see instruction 2, Rules and Instructions accompanying Form E-1.
Exhibit U. A profit and loss statement of each issuer of securities, held by more than 25 persons or their representatives, which are to be exchanged for securities registered hereunder pursuant to the plan, for the latest fiscal year for which such statement is available and for the two preceding fiscal years, year by year, or if the issuer has been in actual business for less than three years, then for such time as the issuer has been in actual business, year by year. If the date of the filing of this registration statement is more than six months after the closing date of such latest fiscal year, submit profit and loss statement from such closing date to the latest practicable date. Such statements shall be in substantially the form prescribed in F.S. form No. 2 and shall be accompanied by the supplemental schedules required under F.S. Instructions set No. 2. They must be certified by an independent public or independent certified public accountant. See Notes C and E below. This exhibit may be omitted if the required information is furnished elsewhere in the registration statement, in which case include a reference to the exhibit furnishing it.

Exhibit V. (See item 50) A consolidated balance sheet, a consolidated profit and loss statement, and a consolidated surplus account of the registrant and its subsidiaries substantially in the form prescribed in F.S. forms Nos. 1 and 2, prepared in accordance with, and containing the additional material required by, the instructions under F.S. Instructions set No. 3. The consolidated balance sheet shall be as of a date not more than six months prior to the date of the filing of this registration statement. The consolidated profit and loss statement and the consolidated surplus account shall be for one year ending on the date as of which the consolidated balance sheet is furnished.

In addition there shall be furnished (unless furnished elsewhere in the registration statement, in which case include a reference to the exhibit furnishing it) a balance sheet and a profit and loss statement and surplus account of the registrant only for the same date and period for which the consolidated balance sheet, the consolidated profit and loss statement and the consolidated surplus account are furnished. Such balance sheet and statements of the registrant shall be in substantially the form prescribed in F.S. forms Nos. 1 and 2.

For those subsidiaries which are excluded from the consolidated statements under the circumstances outlined in Item 50, there shall be submitted individual balance sheets, profit and loss statements and surplus statements for each such company for the same date and period as the consolidated statements.

Each balance sheet, profit and loss statement, and surplus account required in this exhibit, except those of subsidiaries excluded from the consolidated statements, shall be certified by an independent public or independent certified public accountant.

Exhibit W. (See item 51) A balance sheet of the guarantor as of a date not more than 90 days prior to the date of the filing of this registration statement in substantially the form prescribed in F.S. form No. 1 accompanied by the schedules required under F.S. Instructions set No. 1. If such balance sheet and supplemental schedules be not certified by an independent public or independent certified public accountant, there must be furnished, in addition, a balance sheet of the guarantor as of a date not more than one year prior to the date of the filing of this registration statement, including the schedules and other information, so certified. See note E.

Exhibit X. (See item 51) A profit and loss statement of the guarantor for the latest fiscal year for which such statement is available and for the two preceding fiscal years, year by year, or if the guarantor has been in actual business for less than three, then for such time as the guarantor has been in actual business, year by year. If the date of the filing of this registration statement is more than six months after the closing date of such latest fiscal year, submit profit and loss statements from such closing date to the latest practicable date. Such statements shall be in substantially the form prescribed in F.S. form No. 2 and

1/ But see Instruction 2, Rules and Instructions accompanying Form E-1.
shall be accompanied by the supplemental schedules required under F.S. Instruction set No. 2. They must be certified by an independent public or independent certified public accountant. See note E.

NOTE A. Under the conditions outlined in item 45, the balance sheets required as Exhibits L or N or as substitutes therefor under Note C may be confined to that part of the assets acquired or to be acquired by the registrant, together with that portion of the liabilities assumed or to be assumed. If such balance sheets are not so confined, the registrant should indicate, so far as practicable, the items in the balance sheet which represent such assets and liabilities.

NOTE B. Under the conditions outlined in item 45, the profit and loss statements required as Exhibits H and O, or the statements required as substitutes therefor under Note C, may be confined to so much of the income and expenses as may be properly allocated to the assets acquired or to be acquired by the registrant. If the statements are not so confined, the registrant should indicate, so far as practicable, the items in the statements representing income and expense attributable to such assets.

NOTE C. If assets which have been acquired or are to be acquired, or the business of any issuer of securities which have been or are to be acquired, have been subject to the administration of a statutory or judicial receiver or trustee or of a mortgage trustee within 90 days prior to the acquisition or to the filing of the registration statement, whichever occurs earlier, any balance sheet of the owner of such assets or of such issuer of securities required as Exhibit L, N or T may be omitted. But in such case if the administration commenced not more than one year prior to the acquisition or to the filing of the registration statement, whichever occurs earlier, there shall be submitted a balance sheet of the owner of such assets or of such issuer of securities as of a date not more than 90 days prior to the commencement of the administration, in substantially the form prescribed in F.S. form No. 1 if accompanied by the schedules required under F.S. Instructions set No. 1. If such balance sheet and supplemental schedules be not certified by an independent public or independent certified public accountant, there must be furnished, in addition, a balance sheet of the same person as of a date not more than one year prior to the commencement of the administration, including the schedule and other information so certified. See Notes A, D and E below.

If the assets or business have been subject to such administration within six months prior to the acquisition or to the filing of the registration statement, whichever occurs earlier, and such administration commenced more than one year prior to such acquisition or filing, any statement relating to the owner of such assets or to such issuer of securities required as Exhibits H, O or U may be omitted. But in such case there shall be submitted a statement of receipts and disbursements based upon available reports or records of the receiver or trustee, summarized according to general classes involved in the operation of such assets or business, and covering the period of the administration, or of not less than three years prior to such acquisition or filing, whichever period is shorter. However, though the assets or business have been subject to such administration within three years prior to the acquisition or filing if such administration commenced less than one year or terminated more than six months prior thereto, a statement of receipts and disbursements as provided above shall be submitted for the period of the administration, and profit and loss statements shall be submitted for a period approximating the remainder of the three years prior to the acquisition or filing, ending within 90 days of the commencement or commencing within 90 days of the termination of the administration. No statement of either kind need cover, however, any period within six months prior to the filing of the registration statement. Disclaimer of responsibility for the accuracy and/or completeness of any statement of receipts and disbursements provided for hereunder may be made, and such disclaimer should be made if the

1/ But see Instruction 2, Rules and Instructions accompanying Form E-1.
registrant has reason to believe that the statement is inaccurate or misleading. Profit and loss statements should be in substantially the form prescribed in F.S. form No. 2; and should be accompanied by the supplemental schedules required under F.S. Instructions set No. 2. They must be certified by an independent public or independent certified public accountant. See Notes B and E below.

NOTE D. If the securities registered hereunder are real estate securities, there may be submitted in lieu of any balance sheet required to be furnished as Exhibits L, N or T, a schedule of assets and liabilities covering the items usually included in a balance sheet, in which, however, no value need be stated for assets consisting of real estate, furniture, fixtures and equipment, unless the items in such schedule are taken from books of account which have been regularly and currently kept, and which reflect book values for such assets. In such case the registrant may state that the values given for such assets are book values and that it does not accept responsibility for the correctness of the valuation. Notwithstanding the foregoing provisions, the values of such assets reflected in a book of accounts may be omitted if the registrant has reason to believe that they are inaccurate, and if the registrant includes a statement, accompanying the schedule, to that effect.

NOTE E. In case the acquisition is of securities issued or to be issued by an individual or individuals there may be substituted for the balance sheet and profit and loss statements required as the specified exhibits statements of the individual or individuals sworn to and acknowledged by him or them setting forth a schedule or schedules of assets and liabilities and of income and expenditure for the dates and periods for which a balance sheet and profit and loss statement are demanded.
FORM E-1

SIGNATURES

(A) Issuer (if an individual or partnership). All members of a partnership are required to sign.

__________________________________________

__________________________________________

__________________________________________

(B) Issuer (if corporation, trust 1/1 or association).

(SEAL)

By ___________________________

Name _______________________

Title _______________________

By ___________________________

Name _______________________

Title _______________________

By ___________________________

Name _______________________

Title _______________________

Attest:

By ___________________________

Name _______________________

Title _______________________

By ___________________________

Name _______________________

Title _______________________

By ___________________________

Name ______________________

Title ______________________

Principal Executive Officer.

Principal Financial Officer.

Principal Accounting Officer.

________________________

A majority of the board of directors; or all trustees (if issuer is trust).

________________________

________________________

________________________

________________________

________________________

________________________

________________________

________________________

________________________

1/ In the case of a trust, the signature here should be such as will bind the assets of the trust, but will not, under the provisions of the trust agreement, if any, bind the persons signing individually. Notwithstanding this signature, all trustees must sign below. If the signature on behalf of the issuer is signed otherwise than by all the trustees, attach evidence of the authority of the person or persons signing. If, in addition to the group of persons who sign as trustees, the governing instruments provide for others whose functions are similar to those of directors of a corporation, a majority of such latter persons must also sign.
NOTE: The following Financial Statement forms and Instruction sets are to be detached by the registrant and are not to be included in the papers filed as a registration statement.
Form E-1

FINANCIAL STATEMENT  FORM No. 1

Reference: This form shall be taken as the model to be followed in preparing balance sheets under Exhibits L, N, R, S, T, V, and W. In such statements there may be omitted each item called for below as to which no entry can be made for the particular person.

F.S. Instruction No. 1: BALANCE SHEET OF AS OF

<table>
<thead>
<tr>
<th>A S S E T S</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
</tr>
<tr>
<td>Cash, on demand</td>
<td>xxx</td>
</tr>
<tr>
<td>Cash, time deposits</td>
<td>xxx</td>
</tr>
<tr>
<td>Call loans</td>
<td>xxx</td>
</tr>
<tr>
<td>Notes and accounts receivable (see Note F below):</td>
<td></td>
</tr>
<tr>
<td>Notes receivable customers (not past due)</td>
<td>xxx</td>
</tr>
<tr>
<td>&quot; &quot; (past due)</td>
<td>xxx</td>
</tr>
<tr>
<td>Other notes receivable (current)</td>
<td>xxx</td>
</tr>
<tr>
<td>Less notes receivable discounted</td>
<td>xxx</td>
</tr>
<tr>
<td>Accounts receivable customers (not past due)</td>
<td>xxx</td>
</tr>
<tr>
<td>Accounts receivable customers (past due)</td>
<td>xxx</td>
</tr>
<tr>
<td>Other accounts receivable</td>
<td>xxx</td>
</tr>
<tr>
<td>Total notes and accounts receivable</td>
<td>xxx</td>
</tr>
<tr>
<td>1 Less reserve for doubtful notes and accounts</td>
<td>xxx</td>
</tr>
<tr>
<td>Net notes and accounts receivable</td>
<td>xxx</td>
</tr>
<tr>
<td>Inventories:</td>
<td></td>
</tr>
<tr>
<td>Material and unfinished goods</td>
<td>xxx</td>
</tr>
<tr>
<td>Finished goods</td>
<td>xxx</td>
</tr>
<tr>
<td>Total inventories</td>
<td>xxx</td>
</tr>
<tr>
<td>Other current assets:</td>
<td></td>
</tr>
<tr>
<td>Marketable securities</td>
<td>xxx</td>
</tr>
<tr>
<td>Indebtedness of officers, directors, security holders and others per instructions</td>
<td>xxx</td>
</tr>
<tr>
<td>Indebtedness of affiliates, current</td>
<td>xxx</td>
</tr>
<tr>
<td>Other (specify)</td>
<td>xxx</td>
</tr>
<tr>
<td>Total current assets</td>
<td>xxx</td>
</tr>
</tbody>
</table>
ASSETS (CONTINUED)

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Securities of affiliates</td>
<td>xxx</td>
</tr>
<tr>
<td>7</td>
<td>Other investment securities</td>
<td>xxx</td>
</tr>
<tr>
<td>8</td>
<td>Indebtedness of affiliates, not current</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Other (state important items separately)</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td><strong>Total investments</strong></td>
<td>xxx</td>
</tr>
<tr>
<td>9</td>
<td>Less reserve for depreciation of investments</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td><strong>Net investments</strong></td>
<td>xxx</td>
</tr>
<tr>
<td>10</td>
<td><strong>Fixed Assets:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Land</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Buildings</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Machinery</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Equipment</td>
<td>xxx</td>
</tr>
<tr>
<td>11</td>
<td>Less reserves for depreciation and depletion</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td><strong>Net fixed assets</strong></td>
<td>xxx</td>
</tr>
<tr>
<td>12</td>
<td><strong>Intangibles:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Franchises</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Patents and trade-marks</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Good-will</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Organization expense</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Other intangibles (specify)</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td><strong>Total intangibles</strong></td>
<td>xxx</td>
</tr>
<tr>
<td>13</td>
<td>Less reserve for depreciation or amortization</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td><strong>Net intangibles</strong></td>
<td>xxx</td>
</tr>
<tr>
<td>14</td>
<td><strong>Deferred charges:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Prepaid expenses</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Unamortized debt discount and expense</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Discount on capital stock (see Note G below)</td>
<td>xxx</td>
</tr>
<tr>
<td>15</td>
<td>Other deferred charges (specify)</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td><strong>Total deferred charges</strong></td>
<td>xxx</td>
</tr>
<tr>
<td>Other Assets (specify)</td>
<td>xxx</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL ASSETS**: xxx
LIABILITIES, CAPITAL and SURPLUS

Current Liabilities:
- Notes payable (trade) ........................................... XXX
- Accounts payable (trade) ...................................... XXX
- Notes payable (banks) .......................................... XXX
- Serial bonds or mortgage instalments falling due within one year. XXX
- Accounts and notes payable to officers, security holders, or employees XXX
- Accounts due others ........................................................................... XXX
- Accrued liabilities ........................................................................... XXX
- Other current liabilities ................................................................... XXX
- Total current liabilities .................................................................. XXX

Long-term debt (less in treasury) (see Note H below):
- Bonds ..................................................................................... XXX
- Notes ....................................................................................... XXX
- Indebtedness to affiliates, not current ........................................ XXX
- Other (specify) ........................................................................... XXX
- Total long-term debt .................................................................... XXX

Reserves (specify). ......................................................................... XXX

Capital Stock (list each class separately):
- Preferred, authorized ............................................................. XXX
- " in treasury (see Note I below) ............................................. XXX-XXX
- Less: unissued ........................................................................... XXX
- Common, authorized ............................................................... XXX
- " in treasury (see Note I below) ............................................. XXX-XXX
- Less: unissued ........................................................................... XXX
- Total preferred outstanding ..................................................... XXX
- Total common outstanding ...................................................... XXX
- Other (specify and list separately as above) .......................... XXX
- Capital stock subscribed but unissued ................................... XXX
- Less unpaid subscriptions ......................................................... XXX
- Total capital stock (see Note G below) ................................. XXX

Capital, if an individual or partnership ....................................... XXX
### FINANCIAL STATEMENT FORM NO. 1 (CONTINUED.)

<table>
<thead>
<tr>
<th>Reference to Instruction No. in F.S. Instruction Set No. 1</th>
<th>BALANCE SHEET OF AS OF (CONTINUED)</th>
</tr>
</thead>
</table>

**LIABILITIES, CAPITAL and SURPLUS (Continued)**

**Surplus:**

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>Paid in surplus</td>
<td>xxx</td>
</tr>
<tr>
<td>23</td>
<td>Capital surplus</td>
<td>xxx</td>
</tr>
<tr>
<td>24</td>
<td>Proportion of undistributed profits and/or surplus of subsidiaries (if accrued on books of person whose statement is furnished)</td>
<td>xxx</td>
</tr>
<tr>
<td>25</td>
<td>Earned surplus (or deficit)</td>
<td>xxx</td>
</tr>
<tr>
<td>25</td>
<td>Undivided profits (if a partnership)</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td>Total surplus (see Note G below)</td>
<td>xxx</td>
</tr>
<tr>
<td>26</td>
<td>Unrealized appreciation arising from revaluation of capital assets</td>
<td>xxx</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL LIABILITIES, CAPITAL and SURPLUS.</strong></td>
<td>xxx</td>
</tr>
</tbody>
</table>

---

**Note F** — Receivables or other assets pledged to creditors shall be set forth in the balance sheet.

**Note G** — Discount on capital stock, if lawful and if, in addition, it does not exceed 10 per cent of the par value of the shares of the capital stock on which such discount was allowed, may be set forth on the asset side among deferred items. All other discount shall be shown as a deficit or as a deduction from capital, as the circumstances require.

**Note H** — Secured issues should be stated separately from the unsecured, with an indication of kind of issue.

**Note I** — Treasury stock may be shown as a deduction from either the capital stock, the total of capital stock and surplus, or surplus, as the circumstances require.

**Note J** — Material contingent liabilities shall be shown in condensed form at the foot of this statement, classified and with appropriate explanations.
This form shall be taken as the model to be followed in preparing the profit and loss statements under Exhibits N, O, Q, U, V and X. In such statements there may be omitted each item called for below which does not pertain to the class or business of the particular person and for which no entry can be made.

Provision for depreciation and depletion.

Income from trading, manufacturing, or extracting:

1. Gross sales 1/ (less returns and allowances). XXXX XXXX XXXX XXXX
2. Gross Profit. XXXX XXXX XXXX XXXX
3. Selling, general, and administrative expenses. XXXX XXXX XXXX XXXX
4. Maintenance and repairs. XXXX XXXX XXXX XXXX
5. Rents and royalties (classify). XXXX XXXX XXXX XXXX
6. Other expenses (classify). XXXX XXXX XXXX XXXX
7. Taxes (other than Federal or State income tax). XXXX XXXX XXXX XXXX

Income from operations other than trading, manufacturing, or extracting:

3. Operating revenues. XXXX XXXX XXXX XXXX

Total Expenses. XXXX XXXX XXXX XXXX

Net income from operations other than trading, manufacturing, or extracting. XXXX XXXX XXXX XXXX

Total operating income. XXXX XXXX XXXX XXXX

These items to be shown unless the business of the person whose statement is furnished would be injured thereby, in which case Instruction 1 and 2 would not apply. If these items are omitted, there shall be submitted a statement, supplemental to the auditor's report, explaining fully the reasons for such omissions.
## FINANCIAL STATEMENT
### FORM NO. 2 (CONTINUED)

#### Profit and loss statement of [Company Name] for years ended [Year] and for the period ended [Period Ending]

**Reference to Instruction**

<table>
<thead>
<tr>
<th>Instruction</th>
<th>Set No. 2</th>
<th>19</th>
<th>19</th>
<th>19</th>
<th>19</th>
</tr>
</thead>
</table>

#### Income from other than operations:

<table>
<thead>
<tr>
<th>Set</th>
<th>Description</th>
<th>19</th>
<th>19</th>
<th>19</th>
<th>19</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Dividends received from affiliates</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
<tr>
<td>6</td>
<td>Dividends received from others</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
<tr>
<td></td>
<td>Interest received on long term debt of affiliates</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
<tr>
<td></td>
<td>Interest received on notes and accounts of affiliates</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
<tr>
<td></td>
<td>Interest received on notes and accounts of others</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
<tr>
<td></td>
<td>Interest received from other sources (classify)</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
<tr>
<td>7</td>
<td>Commissions and fees received</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
<tr>
<td></td>
<td>Profit on sale of securities</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
<tr>
<td></td>
<td>Miscellaneous other income (classify)</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
<tr>
<td></td>
<td>Total other income</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
</tbody>
</table>

#### Expenses in connection with income from other than operations (specify):

<table>
<thead>
<tr>
<th>Set</th>
<th>Description</th>
<th>19</th>
<th>19</th>
<th>19</th>
<th>19</th>
</tr>
</thead>
</table>

#### Nonrecurring income:

<table>
<thead>
<tr>
<th>Set</th>
<th>Description</th>
<th>19</th>
<th>19</th>
<th>19</th>
<th>19</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Nonrecurring income (specify in detail)</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
<tr>
<td>9</td>
<td>Nonrecurring expenses and/or deductions (specify in detail)</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
<tr>
<td></td>
<td>Net nonrecurring income or expense</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
<tr>
<td></td>
<td>Total gross income</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
</tbody>
</table>

#### Deductions from gross income:

<table>
<thead>
<tr>
<th>Description</th>
<th>19</th>
<th>19</th>
<th>19</th>
<th>19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on long term debt</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
<tr>
<td>Interest on notes and accounts payable to others</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
<tr>
<td>Amortization of debt discount and expense</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
<tr>
<td>Other deductions (specify)</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
<tr>
<td>Total deductions</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
<tr>
<td>Net income before Federal and State income taxes</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
<tr>
<td>Federal and State income taxes</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
<tr>
<td>Net income</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
<td>XXXX</td>
</tr>
<tr>
<td>Description</td>
<td>10_</td>
<td>19_</td>
<td>19_</td>
<td>19_</td>
</tr>
<tr>
<td>-------------</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>Balance beginning of period</td>
<td>xxxx</td>
<td>xxxx</td>
<td>xxxx</td>
<td>xxxx</td>
</tr>
<tr>
<td>Net income as above</td>
<td>xxxx</td>
<td>xxxx</td>
<td>xxxx</td>
<td>xxxx</td>
</tr>
<tr>
<td>Other credits to earned surplus (specify in detail)</td>
<td>xxxx</td>
<td>xxxx</td>
<td>xxxx</td>
<td>xxxx</td>
</tr>
<tr>
<td>Total</td>
<td>xxxx</td>
<td>xxxx</td>
<td>xxxx</td>
<td>xxxx</td>
</tr>
</tbody>
</table>

**Dividends paid**

- **On preferred stocks:**
  - In cash | xxxx | xxxx | xxxx | xxxx |
  - In stock | xxxx | xxxx | xxxx | xxxx |

- **On common stock:**
  - In cash | xxxx | xxxx | xxxx | xxxx |
  - In stock | xxxx | xxxx | xxxx | xxxx |

- **Total dividends paid:**
  - In cash | xxxx | xxxx | xxxx | xxxx |
  - In stock | xxxx | xxxx | xxxx | xxxx |
  - Net | xxxx | xxxx | xxxx | xxxx |

**Other charges to earned surplus (specify in detail)**

- **Total other charges to earned surplus** | xxxx | xxxx | xxxx | xxxx |

**Balance in earned surplus at end of year** | xxxx | xxxx | xxxx | xxxx |
### ASSETS (CONTINUED)

<table>
<thead>
<tr>
<th>Reference to Instruction No. in F.S.</th>
<th>Balance Sheet of Registrant as of</th>
<th>Pro-Forma Debit and Credit entries giving effect to proposed transactions</th>
<th>Pro-Forma Balance Sheet after giving effect to proposed transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investments:</strong></td>
<td></td>
<td>Dr.</td>
<td>Cr.</td>
</tr>
<tr>
<td>6 Securities of affiliates</td>
<td>xxxx</td>
<td><strong>xxxx</strong></td>
<td><strong>xxxx</strong></td>
</tr>
<tr>
<td>7 Other investment securities</td>
<td>xxxx</td>
<td><strong>xxxx</strong></td>
<td><strong>xxxx</strong></td>
</tr>
<tr>
<td>8 Indebtedness of affiliates, not current</td>
<td>xxxx</td>
<td><strong>xxxx</strong></td>
<td><strong>xxxx</strong></td>
</tr>
<tr>
<td>9 Less reserve for depreciation of investments</td>
<td>xxxx</td>
<td><strong>xxxx</strong></td>
<td><strong>xxxx</strong></td>
</tr>
<tr>
<td>10 Fixed Assets:</td>
<td></td>
<td><strong>xxxx</strong></td>
<td><strong>xxxx</strong></td>
</tr>
<tr>
<td>11 Less reserves for depreciation and depletion</td>
<td>xxxx</td>
<td><strong>xxxx</strong></td>
<td><strong>xxxx</strong></td>
</tr>
<tr>
<td>12 Intangibles:</td>
<td></td>
<td><strong>xxxx</strong></td>
<td><strong>xxxx</strong></td>
</tr>
<tr>
<td>13 Deferred charges:</td>
<td></td>
<td><strong>xxxx</strong></td>
<td><strong>xxxx</strong></td>
</tr>
<tr>
<td>14 Other assets (specify)</td>
<td></td>
<td><strong>xxxx</strong></td>
<td><strong>xxxx</strong></td>
</tr>
</tbody>
</table>

**TOTAL ASSETS**
Form E-1

Reference to Instruction No. in F.S. Instruction Set No. 1

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Dr.</th>
<th>Cr.</th>
<th>PRO-FORMA Debit and Credit entries giving effect to proposed transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash, on demand</td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Cash, time deposits</td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Call loans</td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Notes and accounts receivable (see Note F below):</td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Notes receivable customers (not past due)</td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>&quot; &quot; (past due)</td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Other notes receivable (current)</td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Less notes receivable discounted</td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Accounts receivable customers (not past due)</td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>&quot; &quot; (past due)</td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Other accounts receivable</td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Total notes and accounts receivable</td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Less reserve for doubtful notes and accounts</td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Net notes and accounts receivable</td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td><strong>Inventories</strong></td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Material and unfinished goods</td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Finished goods</td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Total inventories</td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td><strong>Other current assets</strong></td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Marketable securities</td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Indebtedness of officers, directors, security holders and others per instructions</td>
<td>xxx</td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Indebtedness of affiliates, current</td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Other (specify)</td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
<tr>
<td>Total current assets</td>
<td></td>
<td>xxx</td>
<td>xxx</td>
</tr>
</tbody>
</table>
**FINANCIAL STATEMENT**

**FORM NO. 3 (CONTINUED)**

<table>
<thead>
<tr>
<th>Reference to Instruction No. in FS Instruction Set No. 1</th>
<th>Balance Sheet of Registrant as of</th>
<th>pro-Forma Debit and Credit entries giving effect to proposed transactions</th>
<th>pro-Forma Balance Sheet after giving effect to proposed transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>LIABILITIES, CAPITAL and SURPLUS</strong></td>
<td><strong>Dr.</strong></td>
<td><strong>Cr.</strong></td>
</tr>
<tr>
<td>Current Liabilities:</td>
<td></td>
<td>xxxx</td>
<td></td>
</tr>
<tr>
<td>Notes payable (trade)</td>
<td></td>
<td>xxxx</td>
<td></td>
</tr>
<tr>
<td>Accounts payable (trade)</td>
<td></td>
<td>xxxx</td>
<td></td>
</tr>
<tr>
<td>Notes payable (banks)</td>
<td></td>
<td>xxxx</td>
<td></td>
</tr>
<tr>
<td>Serial bonds or mortgage installments falling due within one year</td>
<td></td>
<td>xxxx</td>
<td></td>
</tr>
<tr>
<td>Accounts and notes payable to officers, security holders or employees</td>
<td></td>
<td>xxxx</td>
<td></td>
</tr>
<tr>
<td>Accounts and notes payable to affiliates, current</td>
<td></td>
<td>xxxx</td>
<td></td>
</tr>
<tr>
<td>Accounts due others</td>
<td></td>
<td>xxxx</td>
<td></td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td></td>
<td>xxxx</td>
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<tr>
<td>Other current liabilities</td>
<td></td>
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</tr>
<tr>
<td>Total current liabilities</td>
<td></td>
<td>xxxx</td>
<td>xxxx</td>
</tr>
<tr>
<td>Long-term debt (less in treasury) (see Note H below)</td>
<td></td>
<td>xxxx</td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td></td>
<td>xxxx</td>
<td></td>
</tr>
<tr>
<td>Notes</td>
<td></td>
<td>xxxx</td>
<td></td>
</tr>
<tr>
<td>Indebtedness to affiliates, not current</td>
<td></td>
<td>xxxx</td>
<td></td>
</tr>
<tr>
<td>Other (specify)</td>
<td></td>
<td>xxxx</td>
<td></td>
</tr>
<tr>
<td>Total long-term debt</td>
<td></td>
<td>xxxx</td>
<td>xxxx</td>
</tr>
<tr>
<td>Reserves (specify)</td>
<td></td>
<td>xxxx</td>
<td>xxxx</td>
</tr>
<tr>
<td>Capital Stock (list each class separately):</td>
<td></td>
<td>xxxx</td>
<td></td>
</tr>
<tr>
<td>Preferred, authorized</td>
<td></td>
<td>xxxx</td>
<td>xxxx</td>
</tr>
<tr>
<td>&quot; In treasury (see Note B below):</td>
<td></td>
<td>xxxx</td>
<td>xxxx</td>
</tr>
<tr>
<td>Total preferred outstanding</td>
<td></td>
<td>xxxx</td>
<td>xxxx</td>
</tr>
<tr>
<td>Common, authorized</td>
<td></td>
<td>xxxx</td>
<td>xxxx</td>
</tr>
<tr>
<td>&quot; In treasury (see Note I below):</td>
<td></td>
<td>xxxx</td>
<td>xxxx</td>
</tr>
<tr>
<td>Total common outstanding</td>
<td></td>
<td>xxxx</td>
<td>xxxx</td>
</tr>
</tbody>
</table>
**Form E-1**

**FINANCIAL STATEMENT**

**FORM NO. 3 (CONTINUED)**

<table>
<thead>
<tr>
<th>Reference to Instruction No. in F.S. Instruction Set No. 1</th>
<th>Balance Sheet of Registrant as of</th>
<th>Pro-Forma Debit and Credit entries giving effect to proposed transactions</th>
<th>Pro-Forma Balance Sheet after giving effect to proposed transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIABILITIES, CAPITAL and SURPLUS (CONTINUED)</td>
<td></td>
<td>Dr.</td>
<td>Cr.</td>
</tr>
<tr>
<td>21 Capital Stock (list each class separately) (Continued)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify and list separately as above)</td>
<td>XXXX</td>
<td>XXXX</td>
<td></td>
</tr>
<tr>
<td>Capital stock subscribed but unissued</td>
<td>XXXX</td>
<td>XXXX</td>
<td></td>
</tr>
<tr>
<td>Less unpaid subscriptions</td>
<td>XXXX</td>
<td>XXXX</td>
<td></td>
</tr>
<tr>
<td>Total capital stock (see Note G below)</td>
<td>XXXX</td>
<td>XXXX</td>
<td></td>
</tr>
<tr>
<td>Capital, if an individual or partnership</td>
<td>XXXX</td>
<td>XXXX</td>
<td></td>
</tr>
<tr>
<td>Surplus:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22 Paid-in surplus</td>
<td>XXXX</td>
<td>XXXX</td>
<td></td>
</tr>
<tr>
<td>23 Capital surplus</td>
<td>XXXX</td>
<td>XXXX</td>
<td></td>
</tr>
<tr>
<td>24 Proportion of undistributed profits and/or surplus of subsidiaries (if accrued on books of registrant)</td>
<td>XXXX</td>
<td>XXXX</td>
<td></td>
</tr>
<tr>
<td>25 Earned surplus (or deficit)</td>
<td>XXXX</td>
<td>XXXX</td>
<td></td>
</tr>
<tr>
<td>26 Unrealized appreciation arising from revaluation of capital assets</td>
<td>XXXX</td>
<td>XXXX</td>
<td></td>
</tr>
<tr>
<td>TOTAL LIABILITIES, CAPITAL and SURPLUS</td>
<td>XXXX</td>
<td>XXXX</td>
<td></td>
</tr>
</tbody>
</table>

**Note F.** Receivables or other assets pledged to creditors shall be so set forth in the balance sheet.

**Note G.** Discount on capital stock, if lawful and if, in addition, it does not exceed 10 per cent of the par value of the shares of the capital stock on which such discount was allowed, may be set forth on the asset side among deferred items. All other discount shall be shown as a deficit or as a deduction from capital, as the circumstances require.

**Note H.** Secured issues should be stated separately from the unsecured, with an indication of kind of issue.

**Note I.** Treasury stock may be shown as a deduction from either the capital stock, the total of capital stock and surplus, or surplus, as the circumstances require.

221 Condensed liabilities shall be shown in condensed form at the foot of this statement, classified and with appropriate
FINANCIAL STATEMENT INSTRUCTION SET NO. 1

INSTRUCTIONS PERTAINING TO BALANCE SHEETS AND SCHEDULES REQUIRED UNDER EXHIBITS L, N, P, R, T and W.

Unless the context hereof clearly indicates the contrary, the schedules and information required hereunder shall be as of the date of the balance sheet with which submitted.

See Instructions as to preparing Form E-1, pages 3-5 of Rules and Instructions accompanying Form E-1. See also definition of terms used in Form E-1, pages 2-4.

All notes and accounts receivable known to the person whose statement is furnished to be uncollectable shall be charged off and not included in this reserve. The accountant certifying is not held to account for the knowledge of the person whose statement is furnished, and may make an exception in regard thereto.

State the basis upon which the reserve has been established and whether it is deemed to be adequate.

(a) State the basis of valuation.

(b) If profits to affiliates have not been eliminated, state the amount thereof; if the exact amount cannot be given without unreasonable effort or expense, give an estimate thereof.

Include only securities held temporarily for resale; exclude securities held primarily for investment.

(a) State the basis of valuation.

(b) Submit a schedule setting forth the number of shares or units, or principal amount of each security held, the aggregate cost thereof, and the aggregate market value as of the balance sheet date.

(a) Include in this account on any balance sheet of the registrant current indebtedness owing by each person named in answer to items 15, 16, 19 or 20 of the registration statement proper and on the balance sheet of any other person, the current indebtedness owing by any officer, director, trustee or controlling security holder of such person at the date of the balance sheet.

(b) Submit a schedule showing, in the case of each such person owing in excess of $1,000, naming him:

(1) The amount of indebtedness;

(2) The purpose of the indebtedness, from the point of view of the person whose statement is furnished.

(3) The rate of interest; and

(4) A brief description of the collateral securing the indebtedness, if any, or if none, a statement to that effect.
(c) If there be an indebtedness owing by the persons described in the paragraph immediately preceding, which is not current, include under "Other Assets" in the balance sheet and if in excess of $31,000, attach a schedule similar to that described under 4 (b), and in addition indicate its maturity date.

-----O-----

Omit from this item such indebtedness as is already included in the next preceding item. Submit a schedule similar to that described in Instruction 4 (b), showing the current indebtedness included in this item owing by each affiliate, naming it.

-----O-----

(a) Submit, in tabular form, a schedule showing:

(1) Names of affiliates issuing securities held;

(2) Identification of each security held by title or class giving par value, interest or dividend rate and maturity date, if any.

(3) Number or amount of each held;

(4) Total outstanding;

(5) Ratio of (3) to (4);

(6) Ledger value;

(7) Cost;

(8) Difference between the cost and ledger value, if any;

(9) Total market value, at date of balance sheet or nearest available date thereto, giving date, if the security is dealt in regularly on any exchange, or has otherwise a definitely determinable market value;

(10) If the securities were acquired within ten years from any affiliate other than in the issuance thereof, the cost to the affiliate.

(b) If there is a difference, as to any security held, between the cost to the person whose statement is furnished and the present ledger value on its books, set forth an explanation of the difference, and the respective accounts in which such differences are now reflected, with the respective amounts thereof.

(c) In the case of each security acquired within 10 years from affiliates, state the respective considerations for the respective acquisitions.

(d) Attach a schedule showing the respective amounts of securities entered herein which have been pledged with a statement of the amount of the indebtedness or other obligation for which the pledge is made.

(e) If any portion of the undistributed earnings of its subsidiaries have been accrued on the books of the person whose statement is furnished, the amount thereof should be included under this heading and a schedule submitted showing the names of the subsidiaries and the amounts of earnings accrued with respect to each security.
(a) As to each security the aggregate carrying value of which is 10 per cent or more of the total entry hereunder, submit schedules and give information identical with that required by Instruction 6, except as to items (a) (4), (a) (5), and (e) thereunder:

(b) As to the remainder of the securities entered hereunder, attach a schedule showing: (a) their combined total cost; and (b) their combined market value, as to the whole or such part thereof as is dealt in regularly on any exchange, or has otherwise a definitely determinable market value.

Omit from this item such indebtedness as is included under "Other Assets" in accordance with Instruction 4(c). Submit a schedule similar to that described in Instruction 4(b), showing the non-current indebtedness included in this item owing by each affiliate, naming it.

(a) State the basis upon which the reserve has been established; (b) name the contra accounts and the amount charged to each in its creation.

(a) Submit a schedule showing separately for (i) land, (ii) buildings, (iii) machinery, and (iv) equipment: (1) ledger value; (2) cost to person whose statement is furnished; (3) difference between the cost and ledger value, if any; (4) the nature of the transactions giving rise to any unrealized appreciation or write-down as included in (3), the basis thereof and the respective accounts in which such differences are reflected with the respective amounts thereof.

If any such appreciation or write-down is based upon an appraisal, state (5) the respective dates of the appraisal or appraisals; (6) the basis or bases thereof; (7) the name or names of the appraisers; (8) the respective values as appraised and the respective values as shown by the ledger immediately preceding the respective appraisals.

(b) If any of the property included hereunder was acquired within 10 years from any affiliate whether in the course of a reorganization, merger, consolidation, or otherwise, attach a schedule showing: (1) the ledger value of all property so acquired, as shown by the books of the person whose statement is furnished; (2) the cost to the person whose statement is furnished; (3) the cost to the affiliate; (4) the profit, if any, to such affiliate.

(c) Attach a schedule setting forth all bond discount, interest, commissions and expense, if any, included herein, other than that properly allocable thereto for the construction period.

(d) Attach a schedule setting forth all stock discount, commissions and other expenses of similar nature incurred in the distribution of stock, if any, included herein.

(e) If any important item entered hereunder has been abandoned and not written off, (1) briefly describe such item of property; and (2) state the amount at which such item is carried.
(f) As to a person whose statement is furnished owning mining, oil, and similar businesses which have incurred expenditures in development, stripping, drilling, and costs of a similar nature, and have charged such expenditure hereunder, attach a schedule setting forth: (1) the amounts of such expenditures; (2) the nature thereof; and (3) the basis established for the extinguishment thereof.

(a) State the depreciation and depletion rules followed. State whether any allowance has been made therein for obsolescence.

Attach a schedule showing: (1) the amounts and classes of property subject to depreciation and depletion; (2) the rates used; (3) the pertinent facts upon which such rates are based; and (4) the respective amounts of reserve applicable to each class.

(b) Attach a schedule comparing the depreciation and depletion claimed to have been sustained for the purpose of Federal income taxes and the amounts accrued through charges to income and/or surplus. This schedule should cover by fiscal years the period starting with the beginning of a fiscal year not less than ten years prior to the date of filing of this registration statement to the ending of the last fiscal year prior thereto.

(a) For each class of intangibles hereunder, submit schedules and give information identical with what is required by Instruction 10 (a), (b), (c), (d), (e), and (f).

(b) Attach a schedule showing the nature and amount of each class of expense comprising organization expenses.

State the depreciation or amortization rules followed.

Attach a schedule showing (a) the amounts and classes of intangibles subject to depreciation or amortization; (b) the rates used; (c) the pertinent facts upon which the rates are based; and (d) the respective amounts of reserve applicable to each class.

Submit a schedule showing (a) the amounts of unamortized debt discount and expense applicable to each issue; (b) the respective dates of issue of the obligations, included in such issues; (c) the respective dates of maturity of such obligations; and (d) the methods used in amortizing such debt discount and expense.

Submit a schedule showing the nature thereof and the provisions for amortization, if any.

(a) There shall be included in this account on any balance sheet of the registrant current indebtedness owing by the registrant to each person named in answer to items 15, 16, 19, or 20 of the registration statement proper and on the balance sheet of any other person the current indebtedness owing by such person to any officer, director, trustee or controlling security holder of such person at the date of the balance sheet.
Submit a schedule similar to that described in Instruction 4 (b) in the case of each such person, naming him, to whom an amount in excess of $20,000 is owed.

(b) If there be an indebtedness owing to the persons described in the paragraph immediately preceding, which is not current, introduce in the balance sheet an entry under "Other" under "Long-term Debt", setting forth such indebtedness, and attach an exhibit similar to that described in the paragraph immediately preceding. The above does not apply to indebtedness other than that shown by the books of the person whose statement is furnished as owing to such person.

Omit from this item such indebtedness as is already included in the next preceding item. Submit a schedule similar to that described in Instruction 4 (b), showing the current indebtedness included in this item owing to each affiliate, naming it.

Submit a schedule showing the following information as to the presently outstanding long-term debt issued within 10 years:

(a) name and date of issue;
(b) maturity date;
(c) amount of issue;
(d) nature and total amount of consideration received;
(e) total discounts suffered;
(f) total commissions paid and to whom;
(g) purpose of issue;
(h) if sales were made through affiliates, the respective amounts received by the person whose statement is furnished and its affiliates;
(i) amount outstanding.

Omit from this item such indebtedness as is included under "Other" under "Long-Term Debt" in accordance with Instruction 16 (b). Submit a schedule similar to that described in Instruction 4 (b), showing the non-current indebtedness included in this item owing to each affiliate, naming it.

Submit a schedule showing the following information with regard to each reserve:

(a) brief description of the nature thereof;
(b) how formed, whether through charges to income, earned surplus or otherwise;
(c) summary of the credits to each reserve and the charges thereto;
(d) whether funds have been set aside to provide for the objects for which the reserves were created;
(e) if for a contingency, the nature of the contingency; the probable duration thereof; the time during which such contingency is expected to arise; and the method by which determination is made of the amounts accrued to the reserve.
(a) Submit a schedule showing the following information for each class of stock authorized or issued:

1. Name;
2. Par value per share; if no par value the stated or assigned value per share;
3. Number of shares authorized, with dates;
4. Number of shares at any time issued;
5. Number of shares reacquired and in treasury or retired;
6. Number of shares outstanding.

(b) For each class of stock now outstanding set forth in the schedule immediately preceding, attach a schedule showing the following information for any issuance within 10 years:

1. Dates of issuance or sale;
2. Nature and amounts of consideration received;
3. Commissions paid and to whom;
4. Expenses of issue;
5. Net proceeds of issue;
6. Purpose of issue;
7. Methods employed in the disposition thereof;
8. If sales were made through affiliates, the respective amounts received by the person whose statement is furnished and its affiliates.

Include in this account not more than the excess of the proceeds from the sales of capital stocks over the par or stated value thereof.

Submit a schedule showing the credits and charges made to this account each year for the three preceding fiscal years and for the period from the close of the last fiscal year to the date of the last balance sheet submitted.

Submit a schedule showing the nature and amounts of items comprised within this account, including donated surplus, discount on capital stock reacquired, and any other surplus items not properly included in other specified surplus accounts; such schedule shall also show the credits and charges made to this account each year for the three preceding fiscal years and for the period from the close of the last fiscal year to the date of the last balance sheet submitted.

(a) Any earnings and/or surplus of subsidiaries accrued in earned surplus of the person whose statement is furnished not distributed by the subsidiaries as dividends or otherwise actually realized by the person whose statement is furnished, shall be entered hereunder.

(b) If any surplus of subsidiaries at the dates of acquisition thereof by the person whose statement is furnished is included in this item, state the respective amounts thereof.

(a) Include in this account only true earned surplus.

(b) Submit a schedule showing the respective amounts, if any, included in earned surplus covering the receipt of stock dividends and/or stock rights, in excess of the net profits derived from the sale thereof, and state the bases for any such excess amounts thus included.
Submit a schedule giving a break-down of this entry by major classifications.

Submit a schedule showing the contingent liabilities of the person whose statement is furnished, such as the following:

1. Obligations of the person whose statement is furnished as a party secondarily liable which are not shown in the balance sheet.

2. Unfulfilled contracts which, in view of current market prices or for other reasons, may adversely affect the person whose statement is furnished.

3. Claims against the person whose statement is furnished, either impending litigation or otherwise.

4. Federal income and other taxes.

5. Others (specify).

As to the matters set forth herein which rest peculiarly in the knowledge of the person whose statement is furnished and are not reflected by its books and records, the accountant may make such exceptions as accord with the circumstances.

As to the matters required by Instruction 27 to be set forth other than as described in (1) there shall be stated only those matters which, in the view of the circumstances of the particular person whose statement is furnished, are consequential; matters which, in the view of the circumstances of the particular person whose statement is furnished, are of an ordinary nature are not to be set forth.

Submit a schedule showing securities borrowed or loaned by the person whose statement is furnished, indicating from whom borrowed or to whom loaned, the amounts thereof, and whether any securities so borrowed have been pledged by the person whose statement is furnished, with an explanation of such pledge.
INSTRUCTIONS RELATIVE TO PROFIT AND LOSS STATEMENTS AND SCHEDULES REQUIRED UNDER EXHIBITS H, O, Q, U, X.

Care should be exercised to prepare the profit and loss statement according to instructions as set forth below.

See Instructions as to preparing Form E-1 pages 3-5 of rules and instructions accompanying Form E-1. See also definition of terms used in Form E-1 pages 2-4.

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1. Gross Sales (less returns and allowances)

2. Cost of goods sold (exclusive of expenses specifically set forth below)

3. Operating revenues

---

4. Commissions and fees

5. Dividends received from affiliates

---

6. Dividends received from others

7. Commissions and fees received

8. Nonrecurring income and expenses

---

Give a schedule of the major classes of gross sales and segregate between sales to affiliates and sales to others.

---

If intercompany profits are included in this item state the amount or if unable to report the exact amount state the approximate amount thereof.

---

Submit a schedule showing the major sources of operating revenues and the respective amounts thereof.

---

Submit a schedule showing to whom fees were paid for management, engineering, underwriting, financial, and other supervisory services, the respective amounts thereof, and the respective bases for such charges.

---

Submit an itemized schedule showing the total dividends received from each class of stock of each affiliate and the annual rate or amounts received per share.

Classify separately the amounts received in stock, or in cash or in any other way. In case of dividends received in stock, explain the basis of valuation employed in recording the receipt thereof. State also the corresponding amounts at which stock dividends were charged against surplus of the issuer of such stock and the class of surplus so charged.

---

If stock dividends are included hereunder, state the companies from which such dividends were received, the respective amounts thereof, and the basis of valuation employed in recording their receipt.

---

Submit a schedule showing from whom fees were received for management, engineering, underwriting, financial, and other supervisory services, the respective amounts thereof, and the respective bases for such charges.

---

Give a brief description of the amounts included hereunder. In cases of income derived from the sales of securities, properties, etc., to affiliates, attach a schedule showing the cost to the person whose statement is furnished, the amount and nature of consideration received, and the profit recorded.

If this item includes profits or losses from the sale of capital stock received as dividends or the sale of rights, state the bases of computations and amounts there-
1. In general, the guiding principle in consolidating accounts of subsidiaries should be the inclusion or exclusion of each subsidiary according to whichever procedure tends more fully to disclose the financial position and income of the combined organizations as a group.

2. In the preparation of the consolidated balance sheet, there shall be set forth separately the minority interest in capital and surplus of subsidiaries, in conformity with good accounting practice. This should be shown on the consolidated balance sheet preferably immediately above the consolidated surplus.

3. Inter-company profits, if any, should be eliminated in the consolidated statements. If not, state the amount thereof and the effect on the statements if said inter-company profits were properly eliminated.

4. If foreign subsidiaries are included in the consolidations, indicate the basis of currency conversion used.

5. Attach consolidated working papers of the balance sheet, profit and loss statement and surplus account for the registrant and its subsidiaries in columnar form substantially as follows:

<table>
<thead>
<tr>
<th>Column (1)</th>
<th>Items of Assets, Liabilities, Profit and Loss or Surplus, as may be appropriate.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(2) Amounts for the registrant only.</td>
</tr>
<tr>
<td></td>
<td>(3) Amounts for the subsidiaries wholly owned by the registrant. ½/</td>
</tr>
<tr>
<td></td>
<td>(4) Amounts for the subsidiaries not wholly owned by the registrant. ½/</td>
</tr>
<tr>
<td></td>
<td>(5) Totals of columns 2, 3 and 4.</td>
</tr>
<tr>
<td></td>
<td>(6) Adjustment columns if required.</td>
</tr>
<tr>
<td></td>
<td>(7) Eliminations of inter-company items.</td>
</tr>
<tr>
<td></td>
<td>(8) Consolidated totals.</td>
</tr>
</tbody>
</table>

Full explanation (preferably in journal entry form) of the eliminations in Column (7) shall be given.

In connection with the inter-company eliminations in the consolidated statements, explanations should be submitted indicating the excess of the registrant's cost or ledger value of investments in securities of subsidiaries over the book value of said securities at date of acquisition or the excess of the book value of said securities over the registrant's cost or ledger value, and the disposition of such differences in the consolidated balance sheet.

½/ In the preparation of the consolidated working papers in accordance with the above, however, the amounts for such subsidiaries as are themselves holding organizations, shall be shown in separate columns, and, if desired, the registrant may show in separate columns data for each individual subsidiary within each group above referred to.
6. Attach (a) a complete analytical statement of the consolidated surplus for the period for which the consolidated profit and loss statement is submitted, (b) a statement of the amount of the consolidated surplus at the latest balance sheet date segregated between: (I) paid in surplus; (II) capital surplus; (III) earned surplus (or deficit); (IV) unrealized appreciation arising from revaluation of capital assets.

7. Attach a consolidated schedule of the land, building, machinery and equipment accounts to reflect substantially the information required in Instruction 10 of F. S. Instruction set No. 1.

8. Attach schedules of depreciation and depletion substantially as required in Instruction 11 of F. S. Instruction Set No. 1.

9. Attach a consolidated schedule of the intangibles substantially as required in Instruction 12 of F. S. Instruction Set No. 1.

10. Attach a consolidated schedule of depreciation or amortization of intangibles substantially as required in Instruction 13 of F. S. Instruction Set No. 1.
EXHIBIT 7
APPENDIX II
REGISTRATION No.

Form F-1
FEDERAL TRADE COMMISSION
SECURITIES DIVISION
WASHINGTON, D.C.

REGISTRATION STATEMENT

VOTING TRUST CERTIFICATES

Name of issuer (if issuer has no name, give names of trustees):

Address of issuer:

Name of issuer of securities to be held subject to the trust agreement:

Type and amount of securities to be represented by the certificates registered hereunder:

Amount of filing fee: 1

Date of proposed offering or delivery of voting trust certificates:

Name and address of person who is authorized to receive service and notices which may be issued by the Federal Trade Commission:

1 See Instruction 10, p. 2, of the rules and instructions accompanying form F-1, and table on p. 2 of this form.
DEFINITIONS OF WORDS USED IN FORM F-1

As used in this form, unless the context clearly indicates otherwise:

1. The term "foreign or territorial person", as applied to a trust, means a trust of which the majority of the trustees or persons performing similar functions are residents of a foreign country or of a territory.

2. The term "The Corporation" means the issuer of the securities held or to be held subject to the trust agreement, whether the issuer of such securities be a corporation, trust, or other organization.

3. The terms "voting trust certificate", "sale", and "issuer" have the meanings given in paragraph 4 of the rules as to the use of form F-1 (printed in the rules and instructions accompanying form F-1).

4. The term "predecessor" means:

   (1) The issuer, other than "The Corporation", of any outstanding securities which have been acquired within 6 months or which have been acquired or are to be acquired pursuant to a plan of reorganization, directly or indirectly by "The Corporation", where ownership of such securities gives or will give control of such issuer; or

   (2) The last or present owner of any interest in property which has been acquired within 6 months or which has been or is to be acquired pursuant to a plan of reorganization, directly or indirectly by "The Corporation", and which comprised or comprises substantially all the assets used in the operation of a particular business of such owner or at least all such assets other than (a) any current assets and/or (b) investments as distinguished from operating assets, and each other person who was such an owner for a period of not less than 6 months within 3 years prior to the date of filing of the registration statement;

Provided, however, that the term does not include any statutory or judicial receiver or trustee, mortgage trustee, security holders' committee or member thereof, reorganization or readjustment manager, or nominee thereof, voting trust or voting trustee, or any person performing functions similar thereto.

Provided further, however, that the term is confined to a period of 3 years immediately preceding the filing of the registration statement, and, in case the predecessor is within (2) above, is further confined to the period, during such 3 years, of the ownership, by the predecessor, of the interest referred to.

---

CALCULATION OF FEE

(TO BE FILLED OUT WHETHER OR NOT THE MINIMUM FEE IS PAYABLE)

Securities represented or to be represented by voting trust certificates registered hereunder

<table>
<thead>
<tr>
<th>Number and class of shares or other securities</th>
<th>Market value per share or unit</th>
<th>Date of market value</th>
<th>Aggregate market or other value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

One one hundredth of 1 percent of the above aggregate value

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1 See Instruction 10, p. 3, of the rules and Instructions accompanying Form F-1.
INFORMATION TO BE CONTAINED IN THE REGISTRATION STATEMENT

1. Name of the issuer (if it has a name) and its address.

2. Name, address, and principal occupation of each of the persons now acting and of each of the persons designated to act as voting trustees, indicating as to the latter whether or not their consent to act as such has been obtained.

3. If the issuer be a foreign or territorial person, name and address of its duly authorized representative in the United States.

4. Name of the issuer of the securities held or to be held subject to the trust agreement ("The Corporation").

5. Office addresses of "The Corporation."
   (a) Statutory office.
   (b) Principal business or executive office.

6. Name of the State or other sovereign power, and a reference to the statute thereof, under which "The Corporation" is incorporated or organized.

7. The following information with respect to the securities held or proposed to be held subject to the trust agreement:

<table>
<thead>
<tr>
<th>Number and class of shares or other securities authorized to be held</th>
<th>Face, par, or stated value per share or unit</th>
<th>Number of shares or other securities represented by certificates registered hereunder</th>
</tr>
</thead>
</table>

1 As used throughout this form, except where the context clearly indicates otherwise, the terms "voting trustees" and "trustees" include every person named in answer to this item.

2 See definition 1, p. 2.

3 See definition 2, p. 2.
8. State which, if any, of the following relationships with reference to “The Corporation” or any of its predecessors is occupied, or was occupied within 2 years prior to the filing of the registration statement:

(a) By any of the voting trustees:
   (1) Officer; (2) director; (3) trustee; (4) partner; (5) counsel (such relationship being based upon a general retainer, or a regular course of practice); (6) creditor, whose claim (not represented by a security) exceeds, or at any time during the period of such relationship exceeded, $50,000; (7) beneficial owner, directly or indirectly, of securities carrying more than 25 per cent of the voting power; (8) purchaser or seller of goods or services in a regular course of dealing;

(b) By any corporation, association, trust, or partnership, of which any voting trustee is or was (at the time of the relationship) an officer, director, trustee, partner, or controlling security-holder:

The relationships stated above under (a) (5) to (8) inclusive;

(c) By any officer, director, trustee, or partner, of any such corporation, association, trust, or partnership:

All relationships stated above under (a).

For the purposes of this item, any person controlling a voting trustee is to be treated as a voting trustee.
9. If any of the trustees have been designated as trustees to represent security holders other than the holders of the certificates of the trust, state briefly what security holders or class of security holders they represent or are to represent.

10. State, with respect to each trustee, any position (other than that of voting trustee) held or proposed to be held in "The Corporation."

11. State the number or amount of the securities subject or to be subject to the trust agreement in which each trustee now has or proposes to acquire a beneficial interest.

12. State the number or amount and the class or title of those securities of "The Corporation" neither now subject nor to be subject to the trust agreement in which each trustee now has or proposes to acquire an interest, indicating the nature and extent of the interest.

13. State the maximum period of duration of the agreement under which the certificates registered hereunder are proposed to be issued.
14. Summarize briefly the principal provisions of the agreement, if any, with respect to the earlier termination of the agreement, stating whether or not the holders of certificates have any power of termination.

15. Summarize briefly the principal provisions of the agreement, if any, for the removal of trustees, stating whether or not the holders of certificates have any powers of removal.

16. Summarize briefly the principal provisions of the agreement, if any, with respect to the designation of additional and successor trustees.

17. Summarize briefly the principal provisions of the agreement, if any, limiting the liability of the trustees.

18. State whether or not provision is made in the agreement for a depositary to hold the securities for the trustees, and, if so, give the name of such depositary and summarize briefly the principal provisions, if any, limiting the liability of such depositary.
19. State whether or not the agreement places any limitations upon the power of the trustees to vote the securities held by them, and, if so, briefly summarize such limitations.

20. Summarize briefly the principal provisions of the agreement, if any, with respect to powers of the trustees to deal with the securities held in trust in ways other than the voting thereof.

21. State whether action by the trustees in voting or otherwise dealing with the securities held is to be taken by majority vote, and, if not, state the vote required.

22. State whether or not the agreement places any limitations upon the power of the trustees to deal or trade in the certificates registered hereunder or in securities of "The Corporation", and, if so, summarize briefly such limitations.
23. Summarize briefly the principal provisions of the agreement, if any, with respect to compensation of the trustees and any depositary and the funds out of which such compensation is to be paid. If no provision is made for the determination of the amount thereof by an independent person, make a specific statement to that effect.

24. Summarize briefly the principal provisions of the agreement, with respect to the distribution of any dividends, interest, etc., among the holders of certificates.

25. State whether or not any bond is posted or proposed to be posted by the trustees with respect to their performance of the agreement, and, if so, the amount thereof.

26. Give the names and addresses of counsel acting for the issuer in connection with the issuance of the certificates.

27. With respect to each denial by a governmental regulatory body affecting the right to sell securities issued by the issuer, explain briefly the grounds of the denial.
EXHIBITS

The following exhibits shall be attached as a part of the registration statement. The issuer may file such other exhibits as it may desire, marking them so as to indicate clearly the item to which they refer. If any of these exhibits are not submitted, state why this requirement cannot be met.

EXHIBIT A. Copy of trust agreement.

EXHIBIT B. Copy (specimen, if available) of the form of voting trust certificates registered hereunder.

EXHIBIT C. Certified copies of orders of all governmental regulatory bodies by which any securities of the trust were or are denied the right to be sold (see item 27) and of any subsequent orders of such bodies with respect to such denials.

EXHIBIT D. Copy of prospectus.

SIGNATURES

ISSUER (trust)\(^1\).

By ________________________________________________ (Name) (Title)

By ________________________________________________ (Name) (Title)

By ________________________________________________ (Name) (Title)

By ________________________________________________ (Name) (Title)

By ________________________________________________ (Name) (Title)

If the signature on behalf of the issuer is signed otherwise than by all of the trustees,\(^2\) attach evidence of the authority of the person or persons by whom it is signed.

ALL TRUSTEES:\(^2\)

If, in addition to the group of persons who sign immediately above, the governing instruments provide for others whose functions are similar to those of directors of a corporation, a majority of such latter persons must also sign. If such instruments provide for persons whose functions correspond to those of the principal executive, financial, and accounting officers of a corporation, their signatures also must be affixed. If the issuer is a foreign or territorial person (as defined on page 2 of this form), the signature of its duly authorized representative in the United States also must be affixed.

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\(^1\) The signature or signatures here should be such as will bind any assets of the trust, but will not, if the trust agreement so provides, bind individually the persons signing. In every case the statement must be signed both by or on behalf of the trust and (below) by all the trustees.

\(^2\) As used here, “trustees” means only such persons as are, at the time the registration statement becomes effective, parties to the trust agreement as trustees.
FEDERAL TRADE COMMISSION
SECURITIES DIVISION
WASHINGTON, D.C.

RULES AND INSTRUCTIONS ACCOMPANYING FORM F-1
(FOR VOTING TRUST CERTIFICATES)

NOTE.—These Rules and Instructions are to be detached by the registrant and are not to be included in the papers filed as a registration statement.

RULES AS TO THE USE OF FORM F-1

1. Form F-1 is to be used to register voting trust certificates issued in the course of a reorganization or otherwise.

2. A registration statement for voting trust certificates shall be effective before their “sale” by the issuer or an underwriter or dealer.

A “sale” of voting trust certificates by the issuer thereof is involved in the submission of a plan or agreement for reorganization:

(a) When an opportunity to assent to or to dissent or withdraw from a plan or agreement for reorganization is given on such terms that a person so assenting or failing to dissent or withdraw within a limited time will be bound, so far as he personally is concerned, to accept the voting trust certificates, unless at the same time he retains or is given a right subsequently to withdraw which is conditioned, if at all, only upon his payment of not more than his proportionate part of the expenses of reorganization, and

(b) If the plan or agreement referred to is submitted by, or with the authority of, the issuer of the voting trust certificates.

A registration statement for the voting trust certificates shall, therefore, be effective before such “sale” is made.

If the condition stated under (b) in the preceding paragraph is absent, either because the voting trust is not in existence or for any other reason, no registration of the voting trust certificates is then necessary, in view of the provisions of the first clause of section 4 (1) of the act. A registration statement for the voting trust certificates shall be effective in any event, however, before their “sale” (including their issue, modification, or readjustment) by their issuer or an underwriter or dealer.

3. Since the “sale” of the voting trust certificates registered on this form may be made under circumstances different from those existing at the date of commencement of their delivery to the ultimate holders thereof, it is required, as a condition to the continued effectiveness of a statement on this form after the latter date, that the registration statement be amended so far as its answers to items 2 and 8 to 12, inclusive, would have been defective if it had been originally filed 20 days prior to the date of the commencement of the delivery of the certificates to the ultimate holders thereof.

4. As used in these rules and in the accompanying instructions:

(a) The term “voting trust certificate” means any security evidencing a participation in a voting trust or other agreement for the holding of securities for voting purposes.

(b) The term “sale” has the meaning given in section 2 (3) of the act, “any contract of sale or disposition of, attempt or offer to dispose of, or solicitation of any offer to buy”, and includes, specifically, a modification of, or offer to modify, the terms of a security by agreement or otherwise.

(c) The term “issuer” means the voting trust created by the agreement under which the certificates are issued, and not, in their individual capacities, the persons acting as voting trustees thereunder.

INSTRUCTIONS AS TO PREPARING FORM F-1

1. The items apply to the issuer only, except as otherwise stated.

2. Except as otherwise provided, information required must be given so far as it is known or available to the issuer. If the information required is not known or available, so state and explain.

Where information is required as to individual trustees, the information concerning each trustee must be given so far as it is known or available to that trustee. With regard to such information each trustee may include a disclaimer limiting his responsibility, for answers given concerning the other trustees, to such of the information required as is known to him.

3. Except as otherwise provided and subject to the qualifications in the next paragraph, each item shall be answered fully and separately and not by reference to another item or to any exhibit or other instrument.

4. Where “brief” answers or statements are required, brevity is an essential. It is not intended in such case, for example, that the full legal provisions of any document shall be set forth, but only, in succinct form, the most important thereof. In order to prevent such answer or statement being misleading the answer or statement may conclude by an incorporation by reference of particular items, sections, or paragraphs of any other part of the registration statement or of any exhibit made a part thereof.
5. All statements shall be typed or printed. Typed or printed matter shall have a margin of 1\(\frac{1}{2}\) inches at the left. Statements shall be securely bound, and on the left only. Riders may not be used. If the statement is typed on a printed form, and the space provided in the form for the answer to any given item is insufficient, the answer shall be typed in the space provided so far as the space permits, and shall include in such space a reference to a full insert page or pages on which the answer shall be continued. Such insert pages shall bear the number of the item thus continued.

6. Calculation of fee: The fee for registration on form F-1 shall be calculated as \(\frac{1}{100}\) of 1% of the aggregate market value of the securities proposed to be received subject to the trust agreement, as established by a bona fide sale of any such securities on a named date within 15 days prior to the filing of the registration statement, or, if no such sale is known to have occurred, as \(\frac{1}{100}\) of 1% of the aggregate face, par, or if no face or par, stated value of such securities. In no case shall the fee be less than $25.
the purchaser, prior to the payment of any part of the consideration by the purchaser. The purchaser is the sole judge of what is or is not satisfactory, and should apply the same test that he would use in the purchase of real estate on his own account.

The name of the offeror is:  
state whether a corporation, individual, etc.)

The offeror's address is: (give complete address)
The statements printed below (exclusive of instructional notes which are indicated by brackets () ) shall appear in the order given, and divided into paragraphs as below, at the beginning of the Offering Sheet, in type or writing at least as large as that generally used throughout the Offering Sheet. The statements printed below in capitals shall be in capitals or italics, large type, or be underlined or in some other fashion be given extra prominence. The text of this instructional paragraph may be omitted.

(Farm Name)

DIVISION I

Landowner's Producing Royalty Interest

NOTICE TO INVESTORS

THE FOLLOWING STATEMENTS ARE REQUIRED BY THE REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION TO APPEAR AT THE BEGINNING OF THIS OFFERING SHEET. THEY ARE REQUIRED FOR THE INFORMATION OF THE PROSPECTIVE INVESTOR AND SHOULD BE CAREFULLY READ.

THIS ROYALTY HAS NOT BEEN APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION.

IT IS A CRIMINAL OFFENSE TO REPRESENT THAT THE COMMISSION HAS APPROVED THIS ROYALTY OR HAS MADE ANY FINDING THAT THE STATEMENTS IN THIS OFFERING SHEET ARE CORRECT.

A copy of this sheet has been filed with the Securities and Exchange Commission, but the Commission has not passed upon the merits of the royalty.

The return from a fully developed property is subject to fluctuation due to natural variation in the amount produced, to changes in the price of oil or gas, and, in fields where proration regulations are in force, to changes in allowable production. There will also be a natural decline in return as the producing power of the property decreases. Further successful development may increase the return from properties only partially developed when purchased. This return will be subject to fluctuation as stated above, and after the peak production is reached, to a natural decline.

Payments received by a royalty owner are to a large extent return of capital, and only after deduction has been made for this return may the balance be regarded as income.

There is no recognized exchange through which royalties may be freely and expeditiously marketed. The value of any repurchase agreement depends upon the desire and the financial ability of the person making the agreement to carry it out.

It is required that a copy of this sheet be delivered to the purchaser prior to the conclusion of any contract of sale. The information contained in this Offering Sheet will, under the regulations of the Commission, be out of date on (insert date). (Note: As to time requirements, see Regulations, Paragraph 12 (6); Division II, Item 4; Division III, Items 3 and 4; and time requirements for Exhibit "A". Insert the earliest date on which any information given in the Offering Sheet will cease to be as of a required date. The text of this instructional note may be omitted.)

The offeror is required by the regulations of the Securities and Exchange Commission to supply the purchaser with evidence of title, satisfactory to the purchaser, prior to the payment of any part of the consideration by the purchaser. The purchaser is the sole judge of what is or is not satisfactory, and should apply the same test that he would use in the purchase of real estate on his own account.

The name of the offeror is: a (state whether a corporation, individual, etc.)

The offeror's address is: (give complete address)
Except as specifically noted in the case of certain Items, the text (exclusive of instructional notes) of the following numbered Items, the answers thereto, and the text of lettered paragraphs (a) and/or (b) if applicable, shall appear in the order given, numbered accordingly. The text of this instructional paragraph may be omitted.

**DIVISION II**

Paragraph (a).

No value is claimed for this interest based on possible return from (oil) (gas) production.

(Note: If value is claimed only for oil or only for gas, the appropriate above statement must appear. If value is claimed for both, it should be omitted.)

Paragraph (b).

No value is claimed for this interest based on possible return from horizons not now producing.

(Note: If such value is claimed, omit this statement.)

1. The smallest fractional interest proposed to be offered by means of this Offering Sheet is a (state fraction) of the whole royalty interest. The royalty reserved under the lease is a (state fraction) of the total production from the tract. The fractional interest first stated above will be entitled to one barrel out of every _____ barrels of oil, or one M. cubic feet of gas out of every ____ M. cubic feet of gas produced. On the basis of the present price of ____ per barrel for oil, or of ____ per M. cubic feet for gas, the tract must produce, after the purchase of such interest, a total of (x) ____ barrels of oil or (y) ____ M. cubic feet of gas before the purchase price of $ (z) for this fractional interest is returned.

(Note: The blanks in this Item 1. must all be filled in on delivered sheets. This would normally be done by the person making the filing, except as to (x), (y), and (z). Since blanks (x) and (y) depend upon the purchase price, (z), which may not be known by the person making the filing, the filling of blanks (x), (y), and (z) would normally be by the retail dealer. Blanks (x), (y), and (z) may be left blank in filed copies, only. The portion of the text applicable to either oil or gas and the information relative thereto may be omitted if the appropriate Paragraph (a) above appears.)

2. State as to the tract covered by this Offering Sheet the following:

(a) Farm name;

(b) Field, county and state where located;

(c) Area in acres;

(d) Name and address of operator;

(e) Date and term of lease;

(f) Number of lessees of record.

3. State whether the selling price of the interest offered is based upon possible return from oil, from gas, or from both.

4. Give the date of the information contained in this Division II except that for which a specific date is given.

(Note: Except as otherwise provided this date must not be more than 90 days prior to the delivery of this Offering Sheet to the purchaser.)
5. Give the names and addresses of all oil and/or gas purchasers, state as to each whether or not the purchaser has a direct connected pipe line, and how the selling price is determined: e.g., whether by posted price, posted price subject to discount or premium, or otherwise.

6. As to sales not made to direct connected pipe lines, state any charges for transportation or marketing to which the interest is subject.

7. State the date upon which the interest holder's participation in the proceeds of oil and/or gas sales will commence.

8. State:
   (a) Whether payments will be made by the purchasers of oil and/or gas direct to the interest holder or to another for payment to the interest holder;
   (b) The nature and amount of any deductions that purchasers may make, prior to payment, for basic sediment, temperature, or otherwise;
   (c) Approximate dates when payments are to be made;
   (d) The following, if payment is not direct (otherwise omit the text of and answers to this Item 8 (d)):
      (i) Name and address of person to whom purchaser will remit;
      (ii) His capacity (Trustee, Agent, Nominee, etc.);
      (iii) The amount of his fee, if any;
      (iv) The purpose and amount of any retention he is authorized to make;
      (v) Approximate dates when payments are to be made to the interest holder.

9. State:
   (a) Whether the interest offered will participate in future bonuses or rentals;
   (b) Whether the royalty is perpetual or not; if not, give its term;
   (c) The amount of landowners' royalty reserved in the lease.

10. State whether or not there is a present market for all the oil and/or gas produced from the tract. If not, for what portion is there such a market?
    (a) If no oil or gas is being sold, give the distance to the nearest pipe line, railroad, or other facility for marketing or transportation, otherwise omit text of and answer to this Item 10 (a).

11. State whether or not the interest offered is subject to any of the following:
    (a) Ad valorem tax;
    (b) Gross production tax;
    (c) Other taxes, (excluding income taxes).

12. (a) Who is liable for the taxes mentioned in Item 11, and to whom are they payable?
    (b) If there is a gross production tax, on what basis is it calculated?

Note: Item 13 on sheets filed with the Commission shall be as follows:
13. The undersigned, whose business address is (give State, City or Town, Street and Street number) has filed this Offering Sheet with the Securities and Exchange Commission, on his (its') own behalf and on the behalf of certain others, in accordance with the regulations of the Commission. By this filing the undersigned represents to any person who shall in reliance upon a copy hereof purchase any interest described herein, from or through the undersigned or any person on whose behalf this sheet has been so filed by him (it), that he (it) has made a reasonable investigation of the facts stated in this Division II and Exhibit A; that as to such facts he (it) has reasonable grounds to believe, and does believe that the statements contained herein are true as of the dates stated; and that no material fact, known to the undersigned, has been omitted the inclusion of which would reasonably appear necessary, in the light of the circumstances, to make the information contained herein not misleading to the purchaser.

(Signature of person filing – see Note.)

Item 13 on sheets delivered to purchaser shall be as follows:

13. The undersigned, whose business address is (give State, City or Town, Street and Street number) represents to any person who shall in reliance on this Offering Sheet purchase any interest described herein, from or through the undersigned, that this Offering Sheet is, except as is permitted by the regulations of the Securities and Exchange Commission, a true copy of an Offering Sheet filed with that Commission, in accordance with its regulations, on behalf of the undersigned by (name of person making the filing) whose address is (address of person making the filing). The undersigned further represents to any purchaser, as described above, that he (it) has reasonable grounds to believe, and does believe, that the statements contained in this Division II and Exhibit A are true as of the dates stated, and that no material fact, known to the undersigned, has been omitted, the inclusion of which would reasonably appear necessary, in the light of the circumstances, to make the information contained herein not misleading to the purchaser.

(Signature of offeror – see Note)

Note: All signatures to Division II must be original signatures both on filed and delivered sheets. Filed sheets will be signed by the person making the filing, delivered sheets by the offeror. If the signatory is an individual, it should be his usual signature, which should be dated. Corporate, partnership or trust signatures should be in the appropriate following form:

Form for corporation:

The offeror of the within described interests, a corporation organized and existing under the laws of______________has duly caused this Offering Sheet to be signed on its behalf by the undersigned, thereto duly authorized, and its seal to be hereunto affixed and attested, all in the city of_______and State of_______on the_______day of_______19______

(Seal)

Attest:

______________________

(By)

______________________

(Name)

Title
Form for partnership:

The offeror of the within described interests, a partnership doing business under the name and style of______ has duly caused this Offering Sheet to be signed on its behalf by the undersigned, thereto duly authorized at______,______, on the______day of______, 19____.

City State

______

By

Title

Form for Trust:

The offeror of the within described interests, a trust, has duly caused this Offering Sheet to be signed on its behalf by the undersigned thereto duly authorized at______,______, on the______day of______, 19____.

City State

______

Name

By

By

(Signature of such trustees or others as are required by the Trust indenture to bind the Trust)
Except as specifically noted in the case of certain Items, the text (exclusive of instructional notes) of lettered paragraph (a) and of the following numbered Items, and the answers thereto, shall appear in the order given, numbered accordingly. The text of this instructional paragraph may be omitted.

DIVISION III

APPRaisal REPORT

Paragraph (a).

Because of the many unknown and partially known factors involved, the amount of oil or gas to be recovered from a given property cannot be exactly and definitely determined. The weight which should be given to such an estimate should depend upon the character, competence, and integrity of the person making it.

1. Give a brief history of the field in which the tract is located, stating year of discovery, approximate number of wells producing, position of the tract in relation to the field, and such other important facts of general interest as may appear desirable.

2. State the date of initial production of oil and/or gas on the tract.

3. Total production of oil and/or gas* from the tract from all horizons in barrels and/or thousand cubic feet down to __________ (Date).

(Note: This date must not be more than 90 days prior to the delivery of the offering sheet to the purchaser.)

(*Omit if no value is claimed for gas production.)

4. Table covering a period of 12 months, or such shorter period as the tract has been producing, to a named date not more than 90 days prior to the delivery of the offering sheet, showing by months:

(a) Gross production of:
   (i) Oil
   (ii) Gas*
   (iii) Water — Show actual percentages where possible;

(b) Allowable production of:
   (i) Oil
   (ii) Gas;

(c) Net production for smallest interest proposed to be offered;

(Note: See Division II, Item 1.)

(d) Monthly pay-off for smallest interest proposed to be offered;

(e) Prices of highest and lowest gravity oil produced and/or price of gas*;

(f) Wells completed, shut in, or abandoned in each month.

(*Omit if no value is claimed for gas production.)

5. Table showing separately as to each horizon now producing, in the order encountered by the drill:

(a) Name of horizon and its average depth below the surface;

(b) Number of producing wells with dates of completion;
   (If more than 16 wells, give the dates of completion of the first three and the last three only.)

(c) Thickness of producing formation;

(d) Thickness drilled actually oil and/or gas* bearing;
(e) Acres* producing;

(*To be determined by the drilling practice of the field.)

(f) Acre feet actually producing — (d) multiplied by (e).

(g) Estimated total recoverable oil and/or gas* in barrels and/or thousand feet. (Taken from Item 7.)

(*Omit if no value is claimed for gas production.)

8. As to each horizon now producing give the following:

(a) Its name, and the number of:

(i) Dry holes—explain;
(ii) Abandoned wells—explain;
(iii) Shut-in wells—explain;
(iv) Drilling wells;
(v) Flowing wells;
(vi) Pumping wells;
(vii) Gas wells;
(viii) Additional wells which must be drilled to recover the estimated reserve of oil and/or gas, and state whether or not the drilling of this number of wells is in accordance with the present drilling practice in the field.

(b) Range of gravity of oil.

7. Estimate of recoverable oil and/or gas* from date of discovery.

(Note: Make separate estimates in detail for each producing horizon. State reasons for using the particular method employed in the report, setting out in detail the various factors, percentages, etc. If the porosity-saturation method is employed, state how and by whom the porosity and saturation were determined and write out in equation form using the actual figures. If drainage area is claimed in excess of the actual area of the tract, explain fully the reasons for the claim, and outline on a separate map the drainage area claimed. This map shall be on the same scale and show the data required in Exhibit A.)

(*Omit if no value is claimed for gas production.)

8. Summary of estimated future recovery;

(a) Estimated recoverable oil and/or gas* from date of discovery. (Taken from Item 7) ___________ barrels and/or ___________ thousand feet.

(b) Production down to (date given in Item 3) ___________ barrels and/or ___________ thousand feet.

(c) Net estimated future recoverable oil and/or gas* for lease. — (a) minus (b) ___________ barrels and/or ___________ thousand feet, as of (date given in Item 3).

(d) Net estimated future recoverable oil and/or gas* for the smallest interest proposed to be offered. ___________ barrels and/or ___________ thousand feet, as of (date given in Item 3).

(Note: See Division II, Item 1)

(*Omit if no value is claimed for gas production.)

(Note: Explain fully any deductions or additions in arriving at the total estimate.)

9. The person making the above appraisal report shall give fully his qualifications, stating:

(a) His age;
(b) His education, with degrees, if any;

(c) Whether or not he is a member of any scientific or professional societies, giving names;

(d) The details of his oilfield knowledge, specifying those fields in which he has had experience;

(e) Whether his study of the region in which the tract offered is located has been casual or otherwise.

10. The person making the above Appraisal Report shall make appropriate insertion in and sign the following statement:

The undersigned whose business address is (give State, City or Town, Street and Street Number) has prepared the foregoing Appraisal Report at the instance of _____ (Name) _____ (Address) for use as a part of an Offering Sheet to be used in the sale of the within described interests.

The undersigned agrees that copies thereof may be used as a part of such Offering Sheet by the above named person or by any person on whose behalf, in accordance with the regulations of the Securities and Exchange Commission, the Offering Sheet, of which the above appraisal report is a part, is filed by him.

The undersigned understands that this Appraisal Report is to be used in the sale of said interests in the above property, and that a copy thereof as a part of an Offering Sheet will be delivered to each purchaser of any such interest who purchases such interest from or through the persons described in the second paragraph hereof. By this consent to its use, the undersigned, represents to any such purchaser that, as of the date hereof, he has reasonable grounds to believe and does believe that the statements of facts contained in the within Appraisal Report are true; that statements of opinion contained therein are based upon the application of accepted professional or practical principles, and are in truth the opinions of the undersigned; and that the undersigned has reasonable grounds to believe and does believe that no material fact has been omitted therefrom the inclusion of which would reasonably appear necessary, in the light of the circumstances, to make the information contained therein not misleading to the purchaser.

(Signature – See note)

(Note: Filed sheets must bear an original signature, delivered sheets may bear a fac-simile or typed signature. For forms of signature, see Note to Division II.)

EXHIBITS

Exhibits A and B must be included as a part of the Offering Sheet. Other exhibits may be included if desired, but the matter contained therein shall not be in contravention of anything contained in any part of the complete Offering Sheet.

Exhibit A.

Plat of the tract and the surrounding area to a distance of at least one-eighth of a mile from all sides, showing:

(a) Lease boundaries and operators' names;

(b) Approximate locations and spacings, the numbers and the depths of all producing, previously producing, and drilling oil and/or gas wells and of all dry holes;
(c) Legend stating the symbols used to designate each type of well shown on the plat;

(d) Date as of which the information thereon is supplied, which shall not be more than 90 days prior to the delivery of the Offering Sheet to purchase.

The plat shall be on a named scale of not less than 4 inches to 1 mile where the tract is not larger than 640 acres, and in any event whatsoever shall be of such a named scale that the details shall be clearly legible to the naked eye.

Exhibit B.

Copy of the proposed instrument of conveyance which shall include the legal description of the tract in full.
DIVISION II

1. The smallest fractional interest proposed to be offered by means of this Offering Sheet is a (state fraction) of the whole royalty interest. (Note: If the property is unleased, omit the balance of this paragraph.) The royalty reserved under the lease is a (state fraction) of the total production from
The statements printed below (exclusive of instructional notes which are indicated by brackets ( ) ) shall appear, in the order given, and divided into paragraphs as below, at the beginning of the Offering Sheet, in type or writing at least as large as that generally used throughout the Offering Sheet. The statements printed below in capitals shall be in capitals or italics, large type, or be underlined or in some other fashion be given extra prominence. The text of this instructional paragraph may be omitted.

(Parm Name)

DIVISION I

Landowner’s Non-producing Royalty Interest

NOTICE TO INVESTORS

THE FOLLOWING STATEMENTS ARE REQUIRED BY THE REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION TO APPEAR AT THE BEGINNING OF THIS OFFERING SHEET. THEY ARE REQUIRED FOR THE INFORMATION OF THE PROSPECTIVE INVESTOR AND SHOULD BE CAREFULLY READ.

THIS ROYALTY HAS NOT BEEN APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION.

IT IS A CRIMINAL OFFENSE TO REPRESENT THAT THE COMMISSION HAS APPROVED THIS ROYALTY OR HAS MADE ANY FINDING THAT THE STATEMENTS IN THIS OFFERING SHEET ARE CORRECT.

A copy of this sheet has been filed with the Securities and Exchange Commission, but the Commission has not passed upon the merits of the royalty.

There is no recognized exchange through which royalties may be freely and expeditiously marketed. The value of any repurchase agreement depends upon the desire and the financial ability of the person making the agreement to carry it out.

It is required that a copy of this sheet be delivered to the purchaser prior to the conclusion of any contract of sale. The information contained in this Offering Sheet will, under the regulations of the Commission, be out of date on (insert date). (Note: As to time requirements see Regulations, Paragraph 12 (a) and Division II, Item 4, requirements for Exhibit A, and final date of geological report, if used. Insert the earliest date on which any information given in the Offering Sheet will cease to be as of a required date. The text of this instructional note may be omitted.)

The offeror is required by the regulations of the Securities and Exchange Commission to supply the purchaser with evidence of title, satisfactory to the purchaser, prior to the payment of any part of the consideration by the purchaser. The purchaser is the sole judge of what is or is not satisfactory, and should apply the same test that he would use in the purchase of real estate on his own account.

The name of the offeror is:

a (state whether a corporation, individual, etc.)

The offeror’s address is: (give complete address)

Except as specifically noted in the case of certain Items, the text, (exclusive of instructional notes) of the following numbered items, and the answers thereto, shall appear in the order given, numbered accordingly. The text of this instructional paragraph may be omitted.

DIVISION II

1. The smallest fractional interest proposed to be offered by means of this Offering Sheet is a (state fraction) of the whole royalty interest. (Note: If the property is unleased, omit the balance of this paragraph.) The royalty reserved under the lease is a (state fraction) of the total production from
the tract. The fractional interest first stated above will be entitled to one barrel out of every _ _ barrels of oil, or one _ _ cubic feet of gas out of every _ _ cubic feet of gas which may be produced from this property, in the event that commercial production is obtained at some future date.

(Note: The blanks in this Item 1, must be filled in.)

2. State as to the tract covered by this Offering Sheet, the following:
   (a) Farm name;
   (b) County and state where located; name of field, if any;
   (c) Area in acres;
   (d) Names and addresses of royalty owners of record.

   (Note: If more than seven, give the six principal owners only.)

3. Is the tract under lease? If not, so state; if so, include the following questions and answers:
   (a) Date and term of lease;
   (b) Number of lessees of record;
   (c) Rental provisions of the lease;
      (i) Amount of annual rental;
      (ii) Date or dates when due;
      (iii) Amount payable to the account of the smallest fractional interest proposed to be offered;
      (iv) Where payable;
      (v) Method of payment to purchaser for his interest;
      (vi) Are any rentals delinquent?
   (d) Royalty provisions of the lease;

4. Give the date of the information contained in this Division II except that for which a specific date is given.

   (Note: Except as otherwise provided, this date must not be more than 120 days prior to the delivery of this Offering Sheet.)

5. States:
   (a) Whether the interest offered will participate in future bonuses or rentals;
   (b) Whether the royalty is perpetual or not; if not, give its term;
   (c) The amount of royalty reserved in the lease, if leased.

6. (a) State whether or not the interest offered is subject to any of the following:
      (i) Ad valorem tax;
      (ii) Other taxes; (excluding income taxes)
   (b) Who is liable for the taxes mentioned in (a) and to whom they are payable.

7. Give the names and approximate depths from the surface of all horizons represented as possibly oil and/or gas bearing and to possibly underlie the tract, in order from shallowest to deepest.

   (Note: See Note to Item 9.)

8. As to each horizon named in Item 7, give in the same order the following information as disclosed by each well on the plat.
   (See Note 1.)
9. State any other fact that will be used as a basis for claiming that possibly productive horizons underlie the tract.

(Note: The text of Items 7, 8 and 9 must be included. In lieu of answers there may be substituted under Item 9 the following statement:

"In lieu of answers to Items 7, 8 and 9 there is attached hereto as a part of this Offering Sheet, the report of (name and address), geologist, as to the oil and gas possibilities of the tract to which this Offering Sheet relates."

This report shall be included as an exhibit, shall contain the information for which Items 7, 8 and 9 call, and shall be prepared in accordance with the requirements stated under "Exhibits".)

10. Give the distance to and name of the nearest:

(a) Producing oil and/or gas field;
(b) Oil pipe line;
(c) Gas pipe line;
(d) Railroad or other facility for marketing or transportation.

11. Is the interest offered subject to any mortgage or deed of trust or to any lien or any encumbrance? If not so state and omit following text and answers; if so, give the following:

(a) Nature of the obligation;
(b) Amount eventually to be due and payable;
(c) Date on which such amount will be due and payable;
(d) Date on which next payment of principal or interest will become due;
(e) Any amount now due and payable;
(f) Period of delinquency, if any;
(g) Name and address of the holder of the mortgage, lien, or other encumbrance.

(Note: If no representation that a well or wells are to be drilled is made as an inducement to the purchaser, include the following statement:

"No representation is made to the purchaser of the interest offered by means of this Offering Sheet that a well is to be drilled in a location that will affect the value of the property in question."
and omit the balance of Division II, except for Item 20, signature and exhibits. Otherwise include the following statement:

"The undersigned, as a part of the inducement to the purchaser of the interest offered by means of this Offering Sheet represents that (number) well (a) is (are) proposed to be drilled on or so near to the property covered by this Offering Sheet as to affect its value."

indicate proposed locations on the plat, and include the text of answers to the following Items.)

12. By whom will the well or wells be drilled?
(Note: This does not refer to the contractor.)

13. Before what date is it expected that the first well will be commenced?

14. Names and approximate depths of the horizons to be explored by the first well.

15. To what depth will the first well be drilled?

16. What is the expected approximate cost of drilling and completing such well?

17. State whether the person named in Item 12 is dependent in whole or in part upon the proceeds of the sale of this offering for the drilling of all the proposed wells.

18. If the answer to Item 17 is "Yes," give the following:
(a) Estimated total net proceeds from the sale of these interests that will be available for drilling.

(b) Has provision been made to keep intact and to return the purchase price to the interest holder both (1) in the event that the well or wells are not completed within a reasonable time after the date given in Item 15; and (ii) in the event that the amount given in (a) is not raised? If so, describe fully.

19. If the answer to Item 18 (b) is "No," give the following:

(a) What disposition will be made of the amount raised?

(b) Will any payments be made from the proceeds of the sale of these interests prior to the completion of the number of wells represented as to be drilled? If so, list principal payments, and whom and to whom to be made.

(c) What assurance has the holder of the interest that the wells will be completed?

(Note: Here may be given as to the person named in Item 12 a rating of a recognized credit bureau, a statement of assets and liabilities or whatever is deemed appropriate by the person filing the Offering Sheet. This question must be answered unless the answer to Item 18 (b) is affirmative. The required information may be furnished as an exhibit.)

Note: Item 20 on sheets filed with the Commission shall be as follows:

20. The undersigned, whose business address is (give State, City or Town, Street and Street number) has filed this Offering Sheet with the Securities and Exchange Commission, on (when) on behalf and on the behalf of certain others, in accordance with the regulations of the Commission. By this filing the undersigned represents to any person who shall in reliance upon a copy hereof purchase any interest described herein, from or through the undersigned or any person on whose behalf this sheet has been so filed by him (it), that he (it) has made a reasonable investigation of the facts stated in this Division II and Exhibit A; that as to such facts he (it) has reasonable grounds to
believe and does believe that the statements contained herein are true as of the dates stated; and that no material fact, known to the undersigned, has been omitted, the inclusion of which would reasonably appear necessary, in the light of the circumstances, to make the information contained herein not misleading to the purchaser.

(Signature of person filing, see Note)

Item 20 on sheets delivered to purchaser shall be as follows:

20. The undersigned, whose business address is (give State, City or Town, Street and Street number) represents to any person who shall in reliance on this Offering Sheet purchase any interest described herein from or through the undersigned, that this Offering Sheet is, except as is permitted by the regulations of the Securities and Exchange Commission, a true copy of an Offering Sheet filed with that Commission, in accordance with its regulations, on behalf of the undersigned by (name of person making the filing) whose address is (address of person making the filing). The undersigned further represents to any purchaser, as described above, that he (it) has reasonable grounds to believe, and does believe, that the statements contained in this Division II and Exhibit A are true as of the dates stated, and that no material fact, known to the undersigned, has been omitted, the inclusion of which would reasonably appear necessary, in the light of the circumstances, to make the information contained herein not misleading to the purchaser.

(Signature of offeror, see Note)

Note: All signatures to Division II must be original signatures both on filed and delivered sheets. Filed sheets will be signed by the person making the filing, delivered sheets by the offeror. If the signatory, is an individual, it should be his usual signature, which should be dated. Corporate, partnership or trust signatures should be in the appropriate following form:

Form for corporation:

The offeror of the within described interests, a corporation organized and existing under the laws of___ has duly caused this Offering Sheet to be signed on its behalf by the undersigned, thereto duly authorized, and its seal to be hereunto affixed and attested, all in the city of ___ and State of___ on the____ day of____ 19___.

(Stamp)

By _______________________

(Title)

Attest:

_____________________

Title
Form for partnership:

The offeror of the within described interests, a partnership doing business under the name and style of , has duly caused this Offering Sheet to be signed on its behalf by the undersigned, thereto duly authorized at City, State, on the day of , 19 .

(Name)

By ________________________

Title ________________________

Form for Trust:

The offeror of the within described interests, a trust, has duly caused this Offering Sheet to be signed on its behalf by the undersigned thereto duly authorized at City, State, on the day of , 19 .

(Name)

By ________________________

By ________________________

(Signature of such trustees or others as are required by the Trust indenture to bind the Trust)
Exhibits A and B must be included as a part of the Offering Sheet. Other exhibits may be included if desired, but the matter contained therein must not be in contravention of anything contained in any part of a complete Offering Sheet.

If the geologist's report (See Division II, Items 7, 8 and 9) is used it shall contain, in addition to the information for which those Items call, the following information as to the person making the report:

1. His age;
2. His education, with degrees, if any;
3. Whether or not he is a member of any scientific or professional societies, giving names;
4. The details of his oil field knowledge, specifying those fields in which he has had experience;
5. Whether his study of the region in which the tract offered is located has been casual or otherwise;

and conclude with the following signed and dated statement:

The undersigned, geologist of ______________________, ______________________
has prepared the foregoing geological report at the instance of ______________________, ______________________, for use as a part of an Offering Sheet to be used in the sale of the within described interests.

The undersigned agrees that copies thereof may be used as a part of such Offering Sheet by the above-named person or by any person on whose behalf, in accordance with the regulations of the Securities and Exchange Commission, the Offering Sheet, of which the above geological report is a part, is filed by him.

The undersigned understands that this geological report is to be used in the sale of said interests in the above property, and that a copy thereof as a part of an Offering Sheet will be delivered to each purchaser of any such interest who purchases such interest from or through the persons described in the second Paragraph hereof. By this consent to its use, the undersigned represents to any such purchasers that as of the date hereof, he has reasonable grounds to believe and does believe that the statements of fact contained in the within Geological Report are true; that statements of opinion therein are based upon the application of accepted professional or practical principles, and are in truth the opinions of the undersigned, and that the undersigned has reasonable grounds to believe and does believe that no material fact has been omitted therefrom, the inclusion of which would reasonably appear necessary, in the light of the circumstances, to make the information contained therein not misleading to the purchaser.

____________________
(Signature) (See Note)

(Date)

(Note: Filed sheets must bear an original signature, delivered sheets may bear a fac-simile or typed signature)
Exhibit A

Plat of the tract and the surrounding area to a distance of at least one-eighth of a mile from all sides, showing:

(a) Lease boundaries and operators names;

(b) Approximate locations and spacings, the numbers and the depths of all producing, previously producing, and drilling oil and/or gas wells and of all dry holes;

(c) Legend stating the symbols used to designate each type of well shown on the plat;

(d) Date as of which the information thereon is supplied, which shall not be more than 120 days prior to the delivery of the Offering Sheet to purchaser.

(e) Proposed locations. (See Note preceding Item 12.)

The plat shall be on a named scale of not less than 4 inches to 1 mile where the tract is not larger than 640 acres, and in any event whatsoever shall be of such a named scale that the details shall be clearly legible to the naked eye.

Exhibit B

Copy of the proposed instrument of conveyance which shall include the legal description of the tract in full.
Commission to supply the purchaser with evidence of title, satisfactory to the purchaser, prior to the payment of any part of the consideration by the purchaser. The purchaser is the sole judge of what is or is not satisfactory, and should apply the same test that he would use in the purchase of real estate on his own account.

The name of the offeror is [state whether a corporation, individual, etc.]

The offeror's address is: [give complete address].
The statements printed below (exclusive of instructional notes which are indicated by brackets ( ) ) shall appear, in the order given, and divided into paragraphs as below, at the beginning of the Offering Sheet, in type or writing at least as large as that generally used throughout the Offering Sheet. The statements printed below in capitals shall be in capitals or italics, large type, or be underlined or in some other fashion be given extra prominence. The text of this instructional paragraph may be omitted.

DIVISION I

Produceing Working (or Lease) Interest

NOTICE TO INVESTORS

The following statements are required by the regulations of the Securities and Exchange Commission to appear at the beginning of this Offering Sheet. They are required for the information of the prospective investor and should be carefully read.

This interest has not been approved by the Securities and Exchange Commission.

It is a criminal offence to represent that the Commission has approved this interest or has made any finding that the statements in this Offering Sheet are correct.

A copy of this sheet has been filed with the Securities and Exchange Commission, but the Commission has not passed upon the merits of the interest.

This offering is of a working (or leasehold) interest. The purchaser should be aware that he may be liable for at least his portion of claims and costs arising out of the development and operation of the property, although any such liability may, in the first instance, be assumed by another.

The return from a fully developed property is subject to fluctuation due to natural variation in the amount produced, to changes in the price of oil or gas, and, in fields where proration regulations are in force, to changes in allowable production. There will also be a natural decline in return as the producing power of the property decreases. Further successful development may increase the return from properties only partially developed when purchased. This return will be subject to fluctuation as stated above, and after the peak production is reached, to a natural decline.

Payments received by the holder of a working interest are to a large extent return of capital, and only after deduction has been made for this return and for expense of development and operation (if any), may the balance be regarded as income.

There is no recognized exchange through which working interests may be freely and expeditiously marketed. The value of any repurchase agreement depends upon the desire and the financial ability of the person making the agreement to carry it out.

It is required that a copy of this sheet be delivered to the purchaser prior to the conclusion of any contract of sale. The information contained in this Offering Sheet will, under the regulations of the Commission, be out of date on (insert date)(Note: As to time requirements see Regulations, Par. 12 (5); Division II, Item 4; Division III, Items 8, 4 and 5; and time requirements for Exhibit A. Insert the earliest date on which any information given in the Offering Sheet will cease to be as of a required date. The text of this instructional note may be omitted.)

The offeror is required by the regulations of the Securities and Exchange Commission to supply the purchaser with evidence of title, satisfactory to the purchaser, prior to the payment of any part of the consideration by the purchaser. The purchaser is the sole judge of what is or is not satisfactory, and should apply the same test that he would use in the purchase of real estate on his own account.

The name of the offeror is (a state whither a corporation, individual, etc.)

The offeror's address is: (give complete address).
Except as specifically noted in the case of certain Items, the text (exclusive of instructional notes) of the following numbered Items, the answers thereto, and the text of lettered paragraphs (a) and/or (b) if applicable, shall appear in the order given, numbered accordingly. The text of this instructional paragraph may be omitted.

DIVISION II

Paragraph (a).

No value is claimed for this interest based on possible return from (oil) (gas) production.

(Note: If value is claimed only for oil or only for gas, the appropriate above statement must appear. If value is claimed for both, it should be omitted.)

Paragraph (b).

No value is claimed for this interest based on possible return from horizons not now producing.

(Note: If such value is claimed, omit this statement.)

1. The smallest fractional interest proposed to be offered by means of this Offering Sheet is a (state fraction) of the entire lease interest. The royalty reserved under the lease is (state fraction) of the total production from the tract. The fractional interest first stated above will be entitled to one barrel out of every barrels of oil and one M. cubic feet of gas out of every M. cubic feet produced, in the basis of the present price of per barrel for oil or per M. cubic feet for gas the tract must produce, after the purchase of such interest, a total of (x) barrels of oil or (y) M. cubic feet of gas before the purchase price of $(z)$ for this fractional interest is returned, without making any allowance for drilling, operating, equipment and other expense which must be paid.

(Note: The blanks in this Item 1 must all be filled in on delivered sheets. This would normally be done by the person making the filing, except as to (x), (y) and (z). Since blanks (x) and (y) depend upon the purchase price (z) which may not be known to the person making the filing, the filling of blanks (x), (y) and (z) would normally be by the retail dealer. Blanks (x), (y) and (z) may be left blank in filed copies only. The portion of the text applicable to either oil or gas may be omitted if the appropriate Paragraph (a) above appears.)

2. State as to the tract covered by this Offering Sheet, the following:

(a) Farm name;
(b) Field, County and State where located;
(c) Area in acres;
(d) Name and address of operator.

3. State whether the selling price of the interest offered is based upon possible return from oil, from gas, or from both.

4. Give the date of the information contained in this Division II, except that for which a specific date is given.

(Note: Except as otherwise provided this date must not be more than 90 days prior to the delivery of this Offering Sheet to the purchaser.)

5. State as to the lease on the tract covered by this Offering Sheet, the following:

(a) Date and term;
(b) Name, address and size of the interest of each lessee of record;
(Note: If any interests are held subject to any management contract, give only the name and address of the manager.)

(c) The amount of landowners' royalty reserved therein;

6. Are there any agreements for the payment of an overriding royalty or an oil and/or gas payment to which the interest offered will be subject? If so, describe fully; if not, so state.

7. Are there any drilling obligations:

(a) In the lease other than those in lieu of which rentals may be paid? If so, describe fully;

(b) Other than those contained in the lease? If so, describe fully.

8. As to each horizon now producing (or from which it is claimed that production may be expected) on the tract in question, give the following:

(a) Name;

(b) Whether or not producing;

(c) Approximate depth from surface;

(d) Number of new wells that will be required to fully develop the horizon;

(e) Number of present wells that will have to be deepened or plugged back to effect recovery from other horizons;

(f) Estimated cost of drilling and equipping the wells mentioned in Item (d);

(g) Estimated cost of deepening or plugging back;

(h) Estimated cost of additional equipment that will be needed to produce oil and gas from present and future wells;

9. (a) The total estimated cost of additional drilling, and well and lease equipment necessary for the complete development and production of the property is $________. (Total of (f), (g) and (h)). Of this $________ will have to be paid, directly or indirectly by a holder of the smallest fractional interest proposed to be offered.

(Note: Give any necessary explanation.)

(b) The estimated cost per barrel (exclusive of overhead expense) for lifting oil for the remaining productive period of the lease is $________ per barrel.

(c) The estimated monthly overhead for the remaining productive period of the lease is $________ per month.

10. Explain fully the arrangements, made or proposed, for the collection from the various interest holders of the necessary funds for drilling, equipment, etc.

11. By whom will the time of drilling, deepening, and purchase of equipment, etc. be determined?

12. Will the purchaser of the interest have an equivalent interest in the present physical equipment and/or in equipment later acquired? Explain fully.

(Note: If the purchaser will have such an interest, list the principal items of equipment and give an estimate of the ultimate salvage value in dollars and in per cent of cost. Also include the following statement:

"The value of physical equipment salvaged will not ordinarily be realized to the purchaser of the interest until the lease ceases to be commercially productive.")
13. Give the names and addresses of all oil and/or gas purchasers, state as to each whether or not the purchaser has a direct connected pipe line, and how the selling price is determined, e.g., whether by posted price, posted price subject to discount or premium or otherwise.

14. As to sales not made to direct connected pipe lines state any charges for transportation or marketing to which the interest is subject.

15. State whether or not there is a present market for all the oil and/or gas produced. If not, for what portion is there such a market?
(a) If no oil or gas is being sold, give the distance to the nearest pipe line, railroad, or other facility for marketing or transportation; otherwise omit text of and answer to this Item 15 (a).

16. State whether or not the interest offered is subject to any of the following:
(a) Ad valorem tax;
(b) Gross production tax;
(c) Other taxes (excluding income taxes).

17. (a) Who is liable for the taxes mentioned in Item 16 and to whom are they payable?
(b) If there is a gross production tax on what basis is it calculated?

18. State the date upon which the interest holder's participation in the proceeds of oil and/or gas sales will commence.

19. State:
(a) Whether payments will be made by the purchasers of oil and/or gas direct to the interest holder or to another for payment to the interest holder.
(b) The nature and amount of any deductions that purchasers may make prior to payment, for basic sediment, temperature or otherwise.
(c) Approximate dates when payments are to be made.
(d) The following, if payment is not direct (otherwise omit the text of and answers to this Item 19 (d)).

(i) Name and address of person to whom purchaser will remit;
(ii) His capacity (Trustee, Agent, Nominee, etc.);
(iii) The amount of his fee, if any;
(iv) The purpose and amount of any retention he is authorized to make;
(v) Approximate dates when payments are to be made to the interest holder.

(Note: If no representation that a well or wells are to be drilled on the tract is made as an inducement to the purchaser, include the following statement:

"No representation is made to the purchaser of the interest offered by means of this Offering Sheet that a well is to be drilled on the tract in question."

and omit the balance of Division II except for Item 29, Item 30, and Item 31, signature and exhibits. Otherwise include the following statement:

"The undersigned, as a part of the inducement to the purchaser of the interest offered by means of this Offering Sheet, represents that (number) well(s) is (are) to be drilled upon the tract in question."

indicate proposed locations on the plat and include the text of and answers to the following Items.)
20. By whom will the well or wells be drilled?
   (Note: This does not refer to the contractor)
21. Before what date is it expected that the first well will be commenced?
22. Names and approximate depths of the horizons to be explored by the first well.
23. To what depth will the first well be drilled?
24. What is the expected approximate cost of drilling and completing such well?
25. State whether the person named in Item 20 is dependent in whole or in part upon proceeds of the sale of this offering for the drilling of all proposed wells.
26. If the answer to Item 25 is "Yes", give the following:
   (a) Estimated total net proceeds from the sale of those interests that will be available for drilling.
   (b) Has provision been made to keep intact and to return the purchase price to the interest holder both (i) in the event that the well or wells are not completed within a reasonable time after the date given in Item 21, and (ii) in the event that the amount given in (a) is not raised? If so, describe fully.
27. If the answer to Item 26 (b) is "No", give the following:
   (a) What disposition will be made of the amount raised?
   (b) Will any payments be made from the proceeds of the sale of those interests prior to the completion of the number of wells represented as to be drilled? If so, list principal payments, and when and to whom to be made.
   (c) What assurance has the holder of the interest that the wells will be completed?
   (Note: Here may be given as to the person named in Item 21, a rating of a recognized credit bureau; a statement of assets and liabilities, or whatever is deemed appropriate by the person filing the Offering Sheet. This question must be answered unless the answer to Item 26 (b) is affirmative. The required information may be furnished as an exhibit.)
28. Will there be under any circumstances any expense to the interest offered in connection with the drilling, completion or equipment of any of the proposed wells? Explain fully.
29. State whether any lienable claims have accrued against this property which remain unpaid. If so, give name of each claimant and the amount of the claim.
30. If the purchaser becomes a party to any management or operating contract, so state, and include a copy thereof as an exhibit.
31. The undersigned, whose business address is (give State, City or Town, Street and Street number) has filed this Offering Sheet with the Securities and Exchange Commission, on his (its) own behalf and on the behalf of certain others, in accordance with the regulations of the Commission. By this filing the undersigned represents to any person who shall in reliance upon a copy hereof purchase any interest described herein, from or through the undersigned or any person on whose behalf this shoot has been so filed by him (it), that he (it) has made a reasonable investigation of the facts stated in this Division II and Exhibit A; that as to such facts he (it) has reasonable grounds to believe and does believe that the statements contained herein are true as of the dates stated; and that no material fact, known to the undersigned, has been omitted the inclusion of which would reasonably appear necessary, in the light of the circumstances, to make the information contained herein not misleading to the purchaser.

(Signature of person filing - see Note)
31. The undersigned, whose business address is (give State, City or Town, Street and Street number) represents to any person who shall in reliance on this Offering Sheet purchase any interest described herein from or through the undersigned, that this Offering Sheet is, except as is permitted by the regulations of the Securities and Exchange Commission, a true copy of an Offering Sheet filed with that Commission, in accordance with its regulations, on behalf of the undersigned by (name of person making the filing), whose address is (address of person making the filing). The undersigned further represents to any purchaser, as described above, that he (it) has reasonable grounds to believe, and does believe, that the statements contained in this Division II and Exhibit A are true as of the dates stated, and that no material fact, known to the undersigned, has been omitted, the inclusion of which would reasonably appear necessary, in the light of the circumstances, to make the information contained herein not misleading to the purchaser.

(Signature of offeror - see Note)

Note: All signatures to Division II must be original signatures both on filed and delivered sheets. Filed sheets will be signed by the person making the filing, delivered sheets by the offeror. If the signatory is an individual, it should be his usual signature, which should be dated. Corporate, partnership or trust signatures should be in the appropriate following form:

Form for corporation:

The offeror of the within described interests, a corporation organized and existing under the laws of _______ has duly caused this Offering Sheet to be signed on its behalf by the undersigned, thereto duly authorized, and its seal to be hereunto affixed and attested, all in the city of _______ on the _______ day of _______ 19_____.

(Seal)

Attest: By ____________________________

(Name) (Title)

Form for partnership:

The offeror of the within described interests, a partnership doing business under the name and style of _______ has duly caused this Offering Sheet to be signed on its behalf by the undersigned, thereto duly authorized, at _______ City _______ State, on the _______ day of _______ 19_____.

(Name)

By ____________________________

(Title)
Form for Trust:

The offeror of the within described interests, a trust, has duly caused this Offering Sheet to be signed on its behalf by the undersigned, thereto duly authorized, at ____________________________ City State, on the __________ day of ___________ 19___.

__________________________________________________________
(Name)

By ______________________________________________________

(Signatures of such trustees of others as are required by the Trust indenture to bind the Trust)

Except as specifically noted in the case of certain items, the text (exclusive of instructional notes) of lettered paragraph (a) and of the following numbered Items, and the answers thereto, shall appear in the order given, numbered accordingly. The text of this instructional paragraph may be omitted.

DIVISION III
APPRaisal REPORT

Paragraph (a):

Because of the many unknown and partially known factors involved, the amount of oil or gas to be recovered from a given property cannot be exactly and definitely determined. The weight which should be given to such an estimate should depend upon the character, competence and integrity of the person making it.

1. Give a brief history of the field in which the tract is located, stating year of discovery, approximate number of wells producing, position of the tract in relation to the field, and such other important facts of general interest as may appear desirable.

2. State the date of initial production of oil and/or gas on the tract.

3. Total production of oil and/or gas* from the tract from all horizons in barrels and/or thousand cubic feet down to __________ Date

(Note: This date must not be more than 90 days prior to the delivery of the offering sheet to the purchaser.)

(*Omit if no value is claimed for gas production.)

4. Table covering a period of 12 months, or such shorter period as the tract has been producing, to a named date not more than 90 days prior to the delivery of the Offering Sheet, showing by months:

(a) Gross production of:
   (i) Oil
   (ii) Gas*
   (iii) Water—Show actual percentages where possible;

(b) Allowable production of:
   (i) Oil
   (ii) Gas*

(c) Net production for smallest interest proposed to be offered;

(Note: See Division II, Item 1.)
(d) Prices of highest and lowest gravity oil produced and/or price of gas;

(e) Wells completed, shut in, or abandoned in each month.

(*Omit if no value is claimed for gas production.)

5. Table covering a period of 12 months, or such shorter period as the tract has been producing, to a named date not more than 90 days prior to the delivery of the Offering Sheet, showing by months for the smallest interest proposed to be offered:

(a) Gross production (in dollars);
(b) Operating expenses;
(c) Drilling expenses;
(d) Royalty and all other expenses, including overhead and taxes;
(e) Monthly pay-off -- (a) minus (b plus c plus d)

6. Table showing separately as to each horizon now producing, in the order encountered by the drill:

(a) Name of horizon and its average depth below the surface;
(b) Number of producing wells with dates of completion. (If more than 16 wells, give the dates of completion of the first three and the last three only.)
(c) Thickness of producing formation;
(d) Thickness drilled actually oil and/or gas* bearing;
(e) Acres* producing;  
(*To be determined by the drilling practice of the field.)
(f) Acre feet actually producing--(d) multiplied by (e).
(g) Estimated total recoverable oil and/or gas* in barrels and/or thousand feet  
(Taken from Item 8.)  
(*Omit if no value is claimed for gas production.)

7. As to each horizon now producing give the following:

(a) Its name, and the number of:

(i) Dry holes--explain;
(ii) Abandoned wells--explain;
(iii) Shut-in wells--explain;
(iv) Drilling wells;
(v) Flowing wells;
(vi) Pumping wells;
(vii) Gas wells;  
(Wii) Additional wells which must be drilled to recover the estimated reserves of oil and/or gas and state whether or not the drilling of this number of wells is in accordance with the present drilling practice in the field.

(b) Range of gravity of oil.

8. Estimate of recoverable oil and/or gas* from date of discovery.

(Note: Make separate estimates in detail for each producing horizon. State reasons for using the particular method employed in the report, setting out in detail the various factors, percentages, etc. If the porosity-saturation method is employed, state how and by whom the porosity and saturation were determined and write out in equation form using the actual figures. If drainage area is claimed in excess of the actual area of the tract, explain fully the reasons for the claim,
and outline on a separate map the drainage area claimed. This map shall be on the same scale and show the data required for Exhibit A.

(*Omit if no value is claimed for gas production.)

9. Summary of estimated future recovery:

(a) Estimated recoverable oil and/or gas* from date of discovery. (Taken from Item 3) _______ barrels and/or _______ thousand foot.

(b) Production down to (date given in Item 3) _______ barrels and/or _______ thousand foot.

(c) Not estimated future recoverable oil and/or gas* for lease. (a) minus (b) _______ barrels and/or _______ thousand foot, as of (date given in Item 3).

(d) Not estimated future recoverable oil and/or gas* for the smallest interest proposed to be offered. _______ barrels and/or _______ thousand feet, as of (date given in Item 3).

(Note: See Division II, Item 1.)

(*Omit if no value is claimed for gas production.)

(Note: Explain fully any deductions or additions in arriving at the total estimate.)

10. The person making the above appraisal report shall give fully his qualifications, stating:

(a) His age;

(b) His education, with degrees, if any;

(c) Whether or not he is a member of any scientific or professional societies, giving names;

(d) The details of his oil field knowledge, specifying those fields in which he has had experience.

(e) Whether his study of the region in which the tract offered is located has been casual or otherwise.

11. The person making the above appraisal report shall make appropriate insertions in and sign the following statement:

The undersigned whose business address is (give State, City or Town, Street Number), has prepared the foregoing appraisal report at the instance of (Name) (Address) for use as a part of an Offering Sheet to be used in the sale of the within described interests.

The undersigned agrees that copies thereof may be used as a part of such Offering Sheet by the above named person or by any person on whose behalf in accordance with the regulations of the Securities and Exchange Commission, the Offering Sheet, of which the above appraisal report is a part, is filed by him.

The undersigned understands that this appraisal report is to be used in the sale of said interests in the above property, and that a copy thereof as a part of an Offering Sheet will be delivered to each purchaser of any such interest who purchases such interest from or through the persons described in the second paragraph hereof. By this consent to its use, the undersigned, represents to any such purchaser that, as of the date hereof, he has reasonable grounds to believe and does believe that the statements of facts contained in the within Appraisal Report are true; that statements of opinion contained therein are based upon the application of accepted professional or practical principles, and are in truth
the opinions of the undersigned, and that the undersigned has reasonable grounds to believe and does believe that no material fact has been omitted therefrom the inclusion of which would reasonably appear necessary, in the light of the circumstances, to make the information contained therein not misleading to the purchaser.

(Signature - see Note).

(Note: Filed sheets must bear an original signature, delivered sheets may bear a fac-simile or typed signature. For forms of signature, see Note to Division II.)

EXHIBITS

Exhibits A and B must be included as a part of the Offering Sheet. Other exhibits may be included if desired, but the matter contained therein shall not be in contravention of anything contained in any part of a complete Offering Sheet.

Exhibit A.

Plat of the tract and the surrounding area to a distance of at least one-eighth of a mile from all sides, showing:

(a) Lease boundaries and operators' names;

(b) Approximate locations and spacings, the numbers and the depths of all producing, previously producing, and drilling oil and/or gas wells and of all dry holes;

(c) Legend stating the symbols used to designate each type of well shown on the plat;

(d) Date as of which the information thereon is supplied, which shall not be more than 90 days prior to the delivery of the Offering Sheet to purchaser.

(e) Proposed locations (see Note preceding Item 20)

The plat shall be on a named scale of not less than 4 inches to 1 mile where the tract is not larger than 640 acres, and in any event whatsoever shall be of such a named scale that the details shall be clearly legible to the naked eye.

Exhibit B.

Copy of the proposed instrument of conveyance which shall include the legal description of the tract in full.
1. The smallest fractional interest proposed to be offered by means of this Offering Sheet is a (state fraction) of the entire lease interest. The royalty reserved under the lease is (state fraction) of the total production from the tract. The fractional interest first stated above will be entitled to one barrel out of every ________ barrels of oil and one M. cubic feet of gas out of every ________ M. cubic feet of gas which may be produced from this property in the event that commercial production is obtained at some future date.

(Note: The blanks in this Item 1 must be filled in.)
The statements printed below (exclusive of instructional notes which are indicated by brackets ( ) ) shall appear, in the order given, and divided into paragraphs as below, at the beginning of the Offering Sheet in type or writing at least as large as that generally used throughout the Offering Sheet. The statements printed below in capitals shall be in capitals or italics, large type, or be underlined or in some other fashion be given extra prominence. The text of this instructional paragraph may be omitted.

(Farm Name)

DIVISION I

Non-producing Working or Leasehold Interest

NOTICE TO INVESTORS

THE FOLLOWING STATEMENTS ARE REQUIRED BY THE REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION TO APPEAR AT THE BEGINNING OF THIS OFFERING SHEET. THEY ARE REQUIRED FOR THE INFORMATION OF THE PROSPECTIVE INVESTOR AND SHOULD BE CAREFULLY READ.

THIS INTEREST HAS NOT BEEN APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION.

IT IS A CRIMINAL OFFENSE TO REPRESENT THAT THE COMMISSION HAS APPROVED THIS INTEREST OR HAS MADE ANY FINDING THAT THE STATEMENTS IN THIS OFFERING SHEET ARE CORRECT.

A copy of this sheet has been filed with the Securities and Exchange Commission, but the Commission has not passed upon the merits of the interest.

This offering is of a working (or leasehold) interest. The purchaser should be aware that he may be liable for at least his portion of claims and costs arising out of the development and operation of the property, although any such liability may, in the first instance, be assumed by another.

There is no recognized exchange through which working interests may be freely and expeditiously marketed. The value of any repurchase agreement depends upon the desire and the financial ability of the person making the agreement to carry it out.

It is required that a copy of this sheet be delivered to the purchaser prior to the conclusion of any contract of sale. The information contained in this Offering Sheet will, under the regulations of the Commission, be out of date on (insert date). (Note: As to time requirements see Regulations Paragraph 12 (6), Division II Item 27, requirements for Exhibit A, and final date of geological report, if used. Insert the earliest date on which any information given in the Offering Sheet will cease to be as of a required date. The text of this instructional note may be omitted.)

The offeror is required by the regulations of the Securities and Exchange Commission to supply the purchaser with evidence of title, satisfactory to the purchaser, prior to the payment of any part of the consideration by the purchaser. The purchaser is the sole judge of what is or is not satisfactory, and should apply the same test that he would use in the purchase of real estate on his own account.

The name of the offeror is: , a (state whether a corporation, individual, etc.)

The offeror's address is: (give complete address)

Except as specifically noted in the case of certain Items, the text (exclusive of instructional notes) of the following numbered Items and the answers thereto, shall appear in the order given, numbered accordingly. The text of this instructional paragraph may be omitted.

DIVISION II

1. The smallest fractional interest proposed to be offered by means of this Offering Sheet is a (state fraction) of the entire lease interest. The royalty reserved under the lease is (state fraction) of the total production from the tract. The fractional interest first stated above will be entitled to one barrel out of every _______ barrels of oil and one M. cubic feet of gas out of every _______ M. cubic feet of gas which may be produced from this property in the event that commercial production is obtained at some future date.

(Note: The blanks in this Item 1 must be filled in.)
2. State as to the tract covered by this Offering Sheet, the following:
   (a) Farm name;
   (b) County, and State where located; name of field if any.
   (c) Area in acres;

3. State as to the lease on the tract covered by this Offering Sheet, the follow-
   ing:
   (a) Date and term;
   (b) Name, address, and size of the interest of each lessee of record;
      (Note: If any interests are held subject to any management contract, give only the name and address of the manager.)
   (c) The amount of landowners' royalty reserved;
   (d) Amount of annual rental;
   (e) Date or dates when rentals are due;
   (f) To whom rentals are payable, and the amount payable to each;
   (g) Where rentals are to be paid;
   (h) If any rentals have heretofore become due, attach evidence of last pay-
      ment as an exhibit.

4. State what arrangements, if any, have been made for the collection and payment of rentals.

5. Are there any drilling obligations:
   (a) In the lease, other than those in lieu of which rentals may be paid? If so, describe fully;
   (b) Other than those contained in the lease? If so, describe fully.

6. Are there any agreements for the payment of an overriding royalty or an oil and or gas payment to which the interest offered will be subject? If so, explain fully; if not, so state.

7. If the purchaser becomes a party to any management or operating contract, so state and include a copy thereof as an exhibit.

8. In the event that it should later appear advantageous to effect a sale, make a donation of acreage or the like, what arrangement has been made under which the holders of interests could act in common? If there is such an arrangement, describe fully; if not, so state.

9. In the event that it should later appear advantageous to drill upon the property, what arrangement has been made for the collection of the necessary funds from the holders of the interest? If there is such an arrangement, describe fully; if not, so state.

10. Give the names and approximate depths from the surface of all horizons represented as possibly oil and/or gas bearing and to possibly underlie the tract in order from shallowest to deepest.
     (Note: See Note to Item 12.)

11. As to each horizon named in Item 10, give in the same order the following information as disclosed by each well on the plat. (See Note 1.)

   Name of Horizon
   (Locate by reference to plat) with total depths and dates of completion.

   Wells in which found Thickness Content of Horizon
   (See Note 2)

   (Note 1. If there are more than 4 such wells, the required information may be given only as to those wells on or offsetting the tract.)
   (Note 2. If a commercial well, give initial production; if dry or water bearing so state; if a show of oil or gas is claimed, give authority for the claim, i.e., filed log, driller's statement, etc.)
   (Note 3. See note to Item 12.)

12. State any other facts that will be used as a basis for claiming that possibly productive horizons underlie the tract.
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(Note: The text of Items 10, 11 and 12 must be included. In lieu of answers there may be substituted under Item 12 the following statement:

"In lieu of answers to Items 10, 11 and 12 there is attached hereto as a part of this Offering Sheet the report of (name and address), geologist, as to the oil and gas possibilities of the tract to which this Offering Sheet relates."

This report shall be included as an exhibit, shall contain the information for which Items 10, 11 and 12 call, and shall be prepared in accordance with the requirements stated under "Exhibits".)

13. What is the estimated cost of a well drilled to a depth sufficient to test the deepest horizon named in Item 10? What is the estimated cost of equipping such a well, if commercial?

14. Give the distance to and name of the nearest:
   (a) Producing oil and/or gas field;
   (b) Oil pipeline;
   (c) Gas pipeline;
   (d) Railroad or other facility for marketing or transportation.

15. Is the interest offered subject to any mortgage or deed of trust or to any lien, or any encumbrance? If not, so state; and omit following text and answers; if so, give the following:
   (a) Nature of the obligation;
   (b) Amount eventually to be due and payable;
   (c) Date on which such amount will be due and payable;
   (d) Date on which next payment of principal or interest will become due;
   (e) Any amount now due and payable;
   (f) Period of delinquency, if any;
   (g) Name and address of the holder of the mortgage, lien or other encumbrance.

16. (a) State whether or not the interest offered is subject to any of the following:
   (i) Ad valorem tax;
   (ii) Other taxes (excluding income taxes);
   (b) Who is liable for the taxes mentioned in Item 15 (a) and to whom are they payable?
   (Note: If no representation that a well or wells are to be drilled is made as an inducement to the purchaser, include the following statement:

   "No representation is made to the purchaser of the interest offered by means of this Offering Sheet that a well is to be drilled in a location that will affect the value of the property in question."

and omit the balance of Division II except for Item 27, Item 28, signature and exhibits. Otherwise include the following statement:

   "The undersigned, as a part of the inducement to the interest offered by means of this Offering Sheet represents that (number) well (s) is (are) proposed to be drilled on or so near to the property covered by this Offering Sheet as to affect its value,"

   indicate proposed locations on the plat, and include the text of and answers to the following Items.)

17. By whom will the well or wells be drilled?
   (Note: This does not refer to the contractor.)

18. Before what date is it expected that the first well will be commenced?

19. Names and approximate depths of the horizons to be explored by the first well.

20. To what depth will the first well be drilled?

21. What is the expected approximate cost of drilling and completing such well?

22. State whether the person named in Item 17 is dependent in whole or in part upon the proceeds of the sale of this offering for the drilling of all proposed wells.
23. If the answer to Item 22 is "Yes", give the following:

(a) Estimates total net proceeds from the sale of these interests that will be available for drilling.

(b) Has provision been made to keep intact and to return the purchase price to the interest holder both (i) in the event that the well or wells are not completed within a reasonable time after the date given in Item 18, and (ii) in the event that the amount given in (a) is not raised? If so, describe fully.

24. If the answer to Item 23 (b) is "No", give the following:

(a) What disposition will be made of the amount raised?

(b) Will any payments be made from the proceeds of the sale of these interests prior to the completion of the number of wells represented as to be drilled? If so, list principal payments, and when and to whom to be made.

(c) What assurance has the holder of the interest that the wells will be completed?

(Note: Here may be given as to the person named in Item 17 a rating of a recognized credit bureau, a statement of assets and liabilities, or whatever is deemed appropriate by the person filing the Offering Sheet. This question must be answered unless the answer to Item 23 (b) is affirmative. The required information may be furnished as an exhibit).

25. Will there be under any circumstances any expense to the interest offered in connection with the drilling, completion or equipment of any of the proposed wells? Explain fully.

26. State whether any lienable claims have accrued against this property which remain unpaid. If so, give name of each claimant and the amount of the claim.

27. Give the date of the information contained in this Division II except that for which a specific date is given.

(Note: Except as otherwise provided this date must not be more than 120 days prior to the delivery of this Offering Sheet.)

28. The undersigned, whose business address is (give State, City or Town, Street and Street number) has filed this Offering Sheet with the Securities and Exchange Commission, on his (its) own behalf and on the behalf of certain others in accordance with the regulations of the Commission. By this filing the undersigned represents to any person who shall in reliance upon a copy hereof purchase any interest described herein, from or through the undersigned or any person on whose behalf this sheet has been so filed by him (it), that he (it) has made a reasonable investigation of the facts stated in this Division II and Exhibit A; that as to such facts he (it) has reasonable grounds to believe, and does believe that the statements contained herein are true as of the dates stated; and that no material fact, known to the undersigned, has been omitted, the inclusion of which would reasonably appear necessary, in the light of the circumstances, to make the information contained herein not misleading to the purchaser.

(Signature of person filing, see Note)

Item 28 on sheets delivered to purchaser shall be as follows:

28. The undersigned, whose business address is (give State, City or Town, Street and Street number, represents to any person who shall in reliance on this Offering Sheet purchase any interest described herein from or through the undersigned, that this Offering Sheet is, except as is permitted by the regulations of the Securities and Exchange Commission a true copy of an Offering Sheet filed with that Commission, in accordance with its regulations, on behalf of the undersigned by (name of person making the filing) whose address is (address of person making the filing). The undersigned further represents to any purchaser
as described above, that he (it) has reasonable grounds to believe, and does believe, that the statements contained in this Division II and Exhibit A are true as of the dates stated, and that no material fact, known to the undersigned, has been omitted, the inclusion of which would reasonably appear necessary in the light of the circumstances, to make the information contained herein not misleading to the purchaser.

(Signature of offeror, see Note)

Note: All signatures to Division II must be original signatures both on filed and delivered sheets. Filed sheets will be signed by the person making the filing, delivered sheets by the offeror. If the signatory is an individual, it should be his usual signature, which should be dated. Corporate, partnership or trust signatures should be in the appropriate following form:

Form for corporation:

The offeror of the within described interests, a corporation organized and existing under the laws of _______ has duly caused this Offering Sheet to be signed on its behalf by the undersigned, thereto duly authorized, and its seal to be hereunto affixed and attested, all in the city of ______ and State of ______ on the _____ day of ______ 19____.

(Name) __________________
By _______________________
(Seal) ____________________
(Title) ____________________

Attest: ______________________
Title ______________________

Form for partnership:

The offeror of the within described interests, a partnership doing business under the name and style of _______ has duly caused this Offering Sheet to be signed on its behalf by the undersigned, thereto duly authorized at _______, _______, on the ______ day of _______, 19____.

City State ____________________
(Name) ______________________
By _________________________
(Title) _____________________

Form for Trust:

The offeror of the within described interests, a trust, has duly caused this Offering Sheet to be signed on its behalf by the undersigned thereto duly authorized at _______, _______, on the day of ______ 19____.

City State ____________________
(Name) ______________________
By _________________________
By _________________________

(Signature of such trustees or others as are required by the Trust indenture to bind the Trust)
Exhibits A and B must be included as a part of the Offering Sheet. Other exhibits may be included if desired, but the matter contained therein shall not be in contravention of anything contained in any part of a complete Offering Sheet.

If the geologist's report (See Division II, Items 7, 8 and 9) is used it shall contain, in addition to the information for which those Items call, the following information as to the person making the report:

1. His age;
2. His education, with degrees, if any;
3. Whether or not he is a member of any scientific or professional societies, giving names;
4. The details of his oil field knowledge, specifying those fields in which he has had experience;
5. Whether his study of the region in which the tract offered is located has been casual or otherwise;

and conclude with the following signed and dated statement:

The undersigned, geologist of ____________________________, ____________________________, has prepared the foregoing geological report at the instance of ____________________________, ____________________________, for use as a part of an Offering Sheet to be used in the sale of the within described interests.

The undersigned agrees that copies thereof may be used as a part of such Offering Sheet by the above-named person or by any person on whose behalf, in accordance with the regulations of the Securities and Exchange Commission, the Offering Sheet, of which the above geological report is a part, is filed by him.

The undersigned understands that this geological report is to be used in the sale of said interests in the above property, and that a copy thereof as a part of an Offering Sheet will be delivered to each purchaser of any such interest who purchases such interest from or through the persons described in the second Paragraph hereof. By this consent to its use, the undersigned represents to any such purchasers that as of the date hereof, he has reasonable grounds to believe and does believe that the statements of fact contained in the within Geological Report are true; that statements of opinion contained therein are based upon the application of accepted professional or practical principles, and are in truth the opinions of the undersigned, and that the undersigned has reasonable grounds to believe and does believe that no material fact has been omitted therefrom, the inclusion of which would reasonably appear necessary, in the light of the circumstances, to make the information contained therein not misleading to the purchaser.

Signature (See Note)

(Date)

(Note: Filed sheets must bear an original signature, delivered sheets may bear a fac-simile or typed signature)

Exhibit A.

Plat of the tract and the surrounding area to a distance of at least one-eighth of a mile from all sides showing:

(a) Lease boundaries and operators' names;
(b) Approximate locations and spacings, the numbers and the depths of all producing, previous producing, and drilling oil and/or gas wells and of all dry holes;
(c) Legend stating the symbols used to designate each type of well shown on the plat;
(d) Date as of which the information thereon is supplied, which shall not be more than 120 days prior to the delivery of the offering sheet to the purchaser.
(e) Proposed locations. (See Note preceding Item 17)
The plat shall be on a named scale of not less than 4 inches to 1 mile where the tract is not larger than 640 acres, and in any event whatsoever shall be of such a named scale that the details shall be clearly legible to the naked eye.

Exhibit B.

Copy of the proposed instrument of conveyance which shall include the legal description of the tract in full.
and time requirements for Exhibit "A". Insert the earliest date on which any information given in the Offering Sheet will cease to be as of a required date. The text of this instructional note may be omitted.

The offeror is required by the regulations of the Securities and Exchange Commission to supply the purchaser with evidence of title, satisfactory to the purchaser, prior to the payment of any part of the consideration by the purchaser. The purchaser is the sole judge of what is or is not satisfactory, and should apply the same test that he would use in the purchase of real estate on his own account.
SCHEDULE E

The statements printed below (exclusive of instructional notes which are indicated by brackets ( ) ), shall appear in the order given, and divided into paragraphs as below, at the beginning of the Offering Sheet, in type or writing at least as large as that generally used throughout the Offering Sheet. The statements printed below in capitals shall be in capitals or italics, large type, or be underlined or in some other fashion be given extra prominence. The text of this instructional paragraph may be omitted.

(Farm Name)

DIVISION I

Overriding Producing Royalty Interest.

NOTICE TO INVESTORS

THE FOLLOWING STATEMENTS ARE REQUIRED BY THE REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION TO APPEAR AT THE BEGINNING OF THIS OFFERING SHEET. THEY ARE REQUIRED FOR THE INFORMATION OF THE PROSPECTIVE INVESTOR AND SHOULD BE CAREFULLY READ.

THIS ROYALTY HAS NOT BEEN APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION.

IT IS A CRIMINAL OFFENSE TO REPRESENT THAT THE COMMISSION HAS APPROVED THIS INTEREST OR HAS MADE ANY FINDING THAT THE STATEMENTS IN THIS OFFERING SHEET ARE CORRECT.

A copy of this sheet has been filed with the Securities and Exchange Commission, but the Commission has not passed upon the merits of the royalty.

This offering is of an overriding royalty interest. It arises out of an agreement by the holder of an oil and gas mining lease interest, and must terminate with the lease. It is not a perpetual ownership of an interest in the oil, gas or minerals in place.

The return from a fully developed property is subject to fluctuation due to natural variation in the amount produced, to changes in the price of oil or gas, and, in fields where proration regulations are in force, to changes in allowable production. There will also be a natural decline in return as the producing power of the property decreases. Further successful development may increase the return from properties only partially developed when purchased. This return will be subject to fluctuation as stated above, and after the peak production is reached, to a natural decline.

Payments received by a royalty owner are to a large extent return of capital, and only after deduction has been made for this return may the balance be regarded as income.

There is no recognized exchange through which royalties may be freely and expeditiously marketed. The value of any repurchase agreement depends upon the desire and the financial ability of the person making the agreement to carry it out.

It is required that a copy of this sheet be delivered to the purchaser prior to the conclusion of any contract of sale. The information contained in this Offering Sheet will, under the regulations of the Commission, be out of date on (insert date). Note: As to time requirements see Regulations, Paragraph 12 (b); Division II, Item 4; Division III, Items 3 and 4; and time requirements for Exhibit "A". Insert the earliest date on which any information given in the Offering Sheet will cease to be as of a required date. The text of this instructional note may be omitted.)

The offeror is required by the regulations of the Securities and Exchange Commission to supply the purchaser with evidence of title, satisfactory to the purchaser, prior to the payment of any part of the consideration by the purchaser. The purchaser is the sole judge of what is or is not satisfactory, and should apply the same test that he would use in the purchase of real estate on his own account.
The name of the offeror is: , a.(state whether a corporation, individual, etc.)

The offeror's address is: (give complete address)

Except as specifically noted in the case of certain items, the text, (exclusive of instructional notes) of the following numbered items, the answers thereto, and the text of lettered paragraphs (a) and/or (b), if applicable, shall appear in the order given, numbered accordingly. The text of this instructional paragraph may be omitted.

DIVISION II

Paragraph (a).

No value is claimed for this interest based on possible return from (oil) (gas) production.

(Note: If value is claimed only for oil or only for gas, the appropriate above statement must appear. If value is claimed for both, it should be omitted.)

Paragraph (b).

No value is claimed for this interest based on possible return from horizons not now producing.

(Note: If such value is claimed, omit this statement.)

1. The smallest fractional interest proposed to be offered by means of this offering sheet is a (state fraction) of a (state fraction in terms of gross production) Overriding royalty interest. The landowner's royalty reserved under the lease is a (state fraction) of the total production from the tract. The fractional interest first stated above will be entitled to one barrel out of every _____ barrels of oil, or one M. cubic feet of gas out of every _____ M. cubic feet of gas produced. On the basis of the present price of _____ per barrel for oil, or of _____ per M. cubic foot for gas, the tract must produce after the purchase of such interest a total of (x) _____ barrels of oil or (y) _____ M. cubic feet of gas before the purchase price of $ (z) _____ for this fractional overriding interest is returned.

(Note: The blanks in this Item 1 must all be filled in on delivered sheets. This would normally be done by the person making the filing, except as to (x), (y), and (z). Since blanks (x) and (y) depend upon the purchase price (z) which may not be known to the person making the filing, the filling of blanks (x), (y) and (z) would normally be done by the retail dealer. Blanks (x), (y), and (z) may be left blank in filed copies only. That portion of the next applicable to either oil or gas may be omitted if the appropriate Paragraph (a) above appears.)

2. State, as to the tract covered by this offering sheet the following:
(a) Farm name;
(b) Field, county and state where located;
(c) Area in acres;
(d) Name and address of operator.

3. State whether the selling price of the interest offered is based upon possible return from oil, from gas, or from both.
4. Give the date of the information contained in this Division II except that for which a specific date is given.

(Note: Except as otherwise provided this date must not be more than 90 days prior to the delivery of this offering sheet to the purchaser.)

5. State as to the lease on the tract covered by this offering sheet, the following:

(a) Date and term;

(b) Name, address, and size of the interest of each lessee of record;

(Note: If any interests are held subject to any management contract, give only the name and address of the manager.)

(c) Whether or not, the lease or any interest therein is subject to any oil payment. If so, state the amount.

6. Give the names and addresses of all oil and/or gas purchasers, state as to each whether or not the purchaser has a direct connected pipe line, and how the selling price is determined; e.g., whether by posted price, posted price subject to discount or premium, or otherwise.

7. As to sales not made to direct connected pipe lines, state any charges for transportation or marketing to which the interest is subject.

8. State the date upon which the interest holder's participation in the proceeds of oil and/or gas sales will commence.

9. State:

(a) Whether payments will be made by the purchasers of oil and/or gas direct to the interest holder or to another for payment to the interest holder;

(b) The nature and amount of any deductions that purchasers may make prior to payment for basic sediment, temperature, or otherwise;

(c) Approximate dates when payments are to be made;

(d) The following, if payment is not direct (otherwise omit the text of and answers to this Item 9 (d)):

(i) Name and address of person to whom purchaser will remit;

(ii) His capacity (Trustee, Agent, Nominee, etc.);

(iii) The amount of his fee, if any;

(iv) The purpose and amount of any retention he is authorized to make;

(v) Approximate dates when payments are to be made to the interest holder.

10. Give:

(a) A brief summary of all contracts, assignments or the like from or through which the rights of the interest holder derive and/or on which they depend.

(b) As to the person from whose leasehold interest the overriding royalty in question is derived:
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(i) Name;
(ii) Address (city and state);
(iii) Amount of the unencumbered leasehold interest which he will retain if the present proposed offering is entirely sold.

11. State whether or not there is a present market for all the oil and/or gas produced from the tract. If not, for what portion is there such a market?

(a) If no oil or gas is being sold, give the distance to the nearest pipe line, railroad, or other facility for marketing or transportation, otherwise omit text of and answer to this Item 11 (a).

12. State whether or not the interest offered is subject to any of the following:

(a) Ad valorem tax;
(b) Gross production tax;
(c) Other taxes (excluding income taxes).

13. (a) Who is liable for the taxes mentioned in Item 12, and to whom are they payable?

(b) If there is a gross production tax, on what basis is it calculated?

14. State whether any lienable claims have accrued against this property which remain unpaid. If so, give name of each claimant and the amount of the claim.

(Note: If no representation that a well or wells are to be drilled on the tract is made as an inducement to the purchaser, include the following statement:

"No representation is made to the purchaser of the interest offered by means of this Offering Sheet that a well is to be drilled on the tract in question." and omit the balance of Division II except for Item 23, signature and exhibits. Otherwise include the following statement:

"The undersigned, as a part of the inducement to the purchaser of the security offered by means of this Offering Sheet, represents that (number) well (s) is (are) to be drilled upon the tract in question."

indicate proposed locations on the plat and include the text of and answers to the following Items.)

15. By whom will the well or wells be drilled?

(Note: This does not refer to the contractor.)

16. Before what date is it expected that the first well will be commenced?

17. Names and approximate depths of the horizons to be explored by the first well.

18. To what depth will the first well be drilled?

19. What is the expected approximate cost of drilling and completing such well?
20. State whether the person named in Item 15 is dependent in whole or in part upon proceeds of the sale of this offering for the drilling of all proposed wells.

21. If the answer to Item 20 is "yes", give the following:
   (a) Estimated total net proceeds from the sale of these interests that will be available for drilling;
   (b) Has provision been made to keep intact and to return the purchase price to the interest holder both (i) in the event that the well or wells are not completed within a reasonable time after the date given in Item 16 and (ii) in the event that the amount given in (a) is not raised? If so, describe fully.

22. If the answer to Item 21 (b) is "No", give the following:
   (a) What disposition will be made of the amount raised?
   (b) Will any payments be made from the proceeds of the sale of these interests prior to the completion of the number of wells represented as to be drilled? If so, list principal payments and when and to whom to be made.
   (c) What assurance has the holder of the interest that the wells will be completed?

   (Note: Here may be given as to the person named in Item 15 (a) rating of a recognized credit bureau, a statement of assets and liabilities, or whatever is deemed appropriate by the person filing the Offering Sheet. This question must be answered unless the answer to Item 21 (b) is affirmative. The required information may be furnished as an exhibit.)

Note: Item 23 on sheets filed with the Commission shall be as follows:

23. The undersigned, whose business address is (give State, City or Town, Street and Street number) has filed this Offering Sheet with the Securities and Exchange Commission, on his (its) own behalf and on behalf of certain others, in accordance with the regulations of the Commission. By this filing the undersigned represents to any person who shall in reliance upon a copy hereof purchase any interest described herein, from or through the undersigned or any person on whose behalf this sheet has been so filed by him (it), that he (it) has made a reasonable investigation of the facts stated in this Division II and Exhibit A; that as to such facts he (it) has reasonable grounds to believe and does believe that the statements contained herein are true as of the dates stated; and that no material fact, known to the undersigned, has been omitted, the inclusion of which would reasonably appear necessary, in the light of the circumstances, to make the information contained herein not misleading to the purchaser.

   (Signature of person filing, see Note)

Item 23 on sheets delivered to purchaser shall be as follows:

23. The undersigned, whose business address is (give State, City or Town, Street and Street number) represents to any person who shall in reliance on this Offering Sheet purchase any interest described herein from or through the undersigned, that this Offering Sheet is, except as is permitted by the regulations of the Securities and Exchange Commission, a true copy of an Offering Sheet filed with that Commission, in accordance with its regulations, on behalf of the undersigned by (name of person making the filing) whose address is (address of person making the filing). The undersigned further
represents to any purchaser, as described above, that he (it) has reasonable grounds to believe, and does believe, that the statements contained in this Division II and Exhibit A are true as of the dates stated, and that no material fact, known to the undersigned, has been omitted, the inclusion of which would reasonably appear necessary, in the light of the circumstances, to make the information contained herein not misleading to the purchaser.

(Signature of offeror, see Note)

Note: All signatures to Division II must be original signatures both on filed and delivered sheets. Filed sheets will be signed by the person making the filing, delivered sheets by the offeror. If the signatory is an individual, it should be his usual signature, which should be dated. Corporate, partnership or trust signatures should be in the appropriate following form:

Form for corporation:

The offeror of the within described interests, a corporation organized and existing under the laws of __________ has duly caused this Offering Sheet to be signed on its behalf by the undersigned, thereto duly authorized and its seal to be hereto affixed and attested, all in the City of ________ and State of __________ on the ______ day of ______, 19___.

__________________
Name

__________________
Title

Attest:

__________________
Title

Form for partnership:

The offeror of the within described interests, a partnership doing business under the name and style of __________ has duly caused this Offering Sheet to be signed on its behalf by the undersigned, thereto duly authorized at __________, _________, on the ______ day of ______, 19___.

__________________
Name

__________________
By

__________________
Name

__________________
By

Form for Trust:

The offeror of the within described interests, a trust has duly caused this Offering Sheet to be signed on its behalf by the undersigned thereto duly authorized at __________, _________, on the ______ day of ______, 19___.

__________________
Name

__________________
By

__________________
By (Signature of such trustees or others as are required by the Trust indenture to bind the Trust)
Except as specifically noted in the case of certain Items, the text (exclusive of instructional notes) of lettered paragraph (a) and of the following numbered Items, and the answers thereto, shall appear in the order given, numbered accordingly. The text of this instructional paragraph may be omitted.

DIVISION III

APPRaisal REPORT

Paragraph (a)

Because of the many unknown and partially known factors involved, the amount of oil or gas to be recovered from a given property cannot be exactly and definitely determined. The weight which should be given to such an estimate should depend upon the character, competence and integrity of the person making it.

1. Give a brief history of the field in which the tract is located, stating year of discovery, approximate number of wells producing, position of the tract in relation to the field, and such other important facts of general interest as may appear desirable.

2. State the date of initial production of oil and/or gas on the tract.

3. Total production of oil and/or gas* from the tract from all horizons in barrels and/or thousand cubic feet down to (Date) (Note: This date must not be more than 90 days prior to the delivery of the offering sheet to the purchaser.)

("Omit if no value is claimed for gas production.)

4. Table covering a period of 12 months, or such shorter period as the tract has been producing, to a named date not more than 90 days prior to the delivery of the offering sheet, showing by months:

(a) Gross production of:

(i) Oil
(ii) Gas*
(iii) Water — Show actual percentages where possible;

(b) Allowable production of:

(i) Oil
(ii) Gas*

(c) Net production for smallest interest proposed to be offered;

(Note: See Division II, Item I.)

(d) Monthly pay-off for smallest interest proposed to be offered;

(e) Prices of highest and lowest gravity oil produced and/or price of gas*;

(f) Wells completed, shut in, or abandoned in each month.

("Omit if no value is claimed for gas production.)

5. Table showing separately as to each horizon now producing, in the order encountered by the drill:

(a) Name of horizon and its average depth below the surface;

(b) Number of producing wells with dates of completion;

(If more than 16 wells, give the dates of completion of the first three and the last three only.)
(c) Thickness of producing formation;
(d) Thickness drilled actually oil and/or gas* bearing;
(e) Acres* producing;
   (*To be determined by the drilling practice of the field.)
(f) Acres feet actually producing -- (d) multiplied by (e).
(g) Estimated total recoverable oil and/or gas* in barrels and/or thousand feet. (Taken from Item 7.)
   (*Omit if no value is claimed for gas production.)

6. As to each horizon now producing give the following:
   (a) Its name, and the number of:
      (i) Dry holes--explain;
      (ii) Abandoned wells--explain;
      (iii) Shut-in wells--explain;
      (iv) Drilling wells;
      (v) Flowing wells;
      (vi) Pumping wells;
      (vii) Gas wells;
      (viii) Additional wells which must be drilled to recover the estimated reserves of oil and/or gas, and state whether or not the drilling of this number of wells is in accordance with the present drilling practice in the field.
   (b) Range of gravity of oil.

7. Estimate of recoverable oil and/or gas* from date of discovery.
   (Note: Make separate estimates in detail for each producing horizon. State reasons for using the particular method employed in the report, setting out in detail the various factors, percentages, etc. If the porosity-saturation method is employed, state how and by whom the porosity and saturation were determined and write out in equation form using the actual figures. If drainage area is claimed in excess of the actual area of the tract, explain fully the reasons for the claim, and outline on a separate map the drainage area claimed. This map shall be on the same scale and show the data required in Exhibit A.)
   (*Omit if no value is claimed for gas production.)

8. Summary of estimated future recovery;
   (a) Estimated recoverable oil and/or gas* from date of discovery. (Taken from Item 7)___________ barrels and/or___________ thousand foot.
   (b) Production down to (date given in Item 3)___________ barrels and/or___________ thousand foot.
   (c) Net estimated future recoverable oil and/or gas* for lease. (a) minus (b)___________ barrels and/or___________ thousand foot, as of (date given in Item 3).
   (d) Net estimated future recoverable oil and/or gas* for the smallest interest proposed to be offered.___________ barrels and/or___________ thousand foot, as of (date given in Item 3).
   (Note: See Division II, Item 1)
   (*Omit if no value is claimed for gas production.)
   (Note: Explain fully any deductions or additions in arriving at the total estimate.)
9. The person making the above appraisal report shall give fully his qualifications, stating:

(a) His age;

(b) His education, with degrees, if any;

(c) Whether or not he is a member of any scientific or professional societies; giving names;

(d) The details of his oil field knowledge, specifying those fields in which he has had experience;

(e) Whether his study of the region in which the tract offered is located has been casual or otherwise.

10. The person making the above Appraisal Report shall make appropriate insertions in and sign the following statement:

The undersigned whose business address is (give State, City or Town, Street and Street Number) has prepared the foregoing Appraisal Report at the instance of

_________________________  __________________________
(Name)                    (Address)

for use as a part of an Offering Sheet to be used in the sale of the within described interests.

The undersigned agrees that copies thereof may be used as a part of such Offering Sheet by the above named person or by any person on whose behalf, in accordance with the regulations of the Securities and Exchange Commission, the Offering Sheet, of which the above Appraisal Report is a part, is filed by him.

The undersigned understands that this Appraisal Report is to be used in the sale of said interests in the above property, and that a copy thereof as a part of an Offering Sheet will be delivered to each purchaser of any such interest who purchases such interest from or through the persons described in the second paragraph hereof. By this consent to its use, the undersigned, represents to any such purchaser that, as of the date hereof, he has reasonable grounds to believe and does believe that the statements of facts contained in the within Appraisal Report are true; that statements of opinion contained therein are based upon the application of accepted professional or practical principles, and are in truth the opinions of the undersigned; and that the undersigned has reasonable grounds to believe and does believe that no material fact has been omitted therefrom the inclusion of which would reasonably appear necessary, in the light of the circumstances, to make the information contained therein not misleading to the purchaser.

(Signature – See note)

(Note: Filed sheets must bear an original signature; delivered sheets may bear a facsimile or typed signature. For forms of signature, see Note to Division II.)
EXHIBITS

Exhibits A and B must be included as a part of the Offering Sheet. Other exhibits may be included if desired, but the matter contained therein shall not be in contravention of anything contained in any part of the complete Offering Sheet.

Exhibit A.

Plat of the tract and the surrounding area to a distance of at least one-eighth of a mile from all sides, showing:

(a) Lease boundaries and operators' names;

(b) Approximate locations and spacings, the numbers and the depths of all producing, previously producing, and drilling oil and/or gas wells and of all dry holes;

(c) Legend stating the symbols used to designate each type of well shown on the plat;

(d) Date as of which the information thereon is supplied, which shall not be more than 90 days prior to the delivery of the Offering Sheet to purchaser.

(e) Proposed location (see note preceding Item 15)

The plat shall be on a named scale of not less than 4 inches to 1 mile where the tract is not larger than 640 acres, and in any event whatsoever shall be of such a named scale that the details shall be clearly legible to the naked eye.

Exhibit B.

Copy of the proposed instrument of conveyance which shall include the legal description of the tract in full.
EXHIBIT 13
APPENDIX II

DIVISION II

1. The smallest fractional interest proposed to be offered by means of this Offering Sheet is a (state fraction) of an (state fraction in terms of gross production) over-riding royalty interest. The landlord's royalty reserved under the lease is a (state fraction) of the total production from
The statements printed below, (exclusive of instructional notes which are indicated by brackets ( ) ) shall appear, in the order given, and divided into paragraphs as below, at the beginning of the Offering Sheet in type or writing at least as large as that generally used throughout the Offering Sheet. The statements printed below, in capitals shall be in capitals or italics, large type, or be underlined or in some other fashion be given extra prominence. The text of this instructional-paragraph may be omitted.

DIVISION I

Over-riding Non-producing Royalty Interest

NOTICE TO INVESTORS

THE FOLLOWING STATEMENTS ARE REQUIRED BY THE REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION TO APPEAR AT THE BEGINNING OF THIS OFFERING SHEET. THEY ARE REQUIRED FOR THE INFORMATION OF THE PROSPECTIVE INVESTOR AND SHOULD BE CAREFULLY READ.

THIS ROYALTY HAS NOT BEEN APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION.

IT IS A CRIMINAL OFFENSE TO REPRESENT THAT THE COMMISSION HAS APPROVED THIS INTEREST OR HAS MADE ANY FINDING THAT THE STATEMENTS IN THIS OFFERING SHEET ARE CORRECT.

A copy of this sheet has been filed with the Securities and Exchange Commission, but the Commission has not passed upon the merits of the royalty.

This offering is of an over-riding royalty interest. It arises out of an agreement by the holder of an oil and gas mining lease interest, and must terminate with the lease. It is not a perpetual ownership of an interest in the oil, gas or minerals in place.

There is no recognized exchange through which Royalties may be freely and expeditiously marketed. The value of any repurchase agreement depends upon the desire and the financial ability of the person making the agreement to carry it out.

It is required that a copy of this sheet be delivered to the purchaser prior to the conclusion of any contract of sale. The information contained in this Offering Sheet will, under the regulations of the Commission, be out of date on (insert date). (Note: As to time requirements see Regulations Paragraph 12(6); Division II, Item 4, requirements for Exhibit A, and final date of geological report, if used. Insert the earliest date on which any information given in the Offering Sheet will cease to be as of a required date. The text of this instructional note may be omitted.)

The offeror is required by the regulations of the Securities and Exchange Commission to supply the purchaser with evidence of title, satisfactory to the purchaser, prior to the payment of any part of the consideration by the purchaser. The purchaser is the sole judge of what is or is not satisfactory, and should apply the same test that he would use in the purchase of real estate on his own account.

The name of the offeror is: (state whether a corporation, individual, etc.)

The offeror's address is: (give complete address)

Except as specifically noted in the case of certain Items, the text, exclusive of instructional notes) of the following numbered Items, and the answers thereto, shall appear in the order given, numbered accordingly. The text of this instructional paragraph may be omitted.

DIVISION II

1. The smallest fractional interest proposed to be offered by means of this Offering Sheet is a (state fraction) of an (state fraction in terms of gross production) over-riding royalty interest. The landowner's royalty reserved under the lease is a (state fraction) of the total production from
the tract. The fractional interest first stated above will be entitled
to one barrel out of every _ barrels of oil, or one M. cubic feet of
gas out of every _ M. cubic feet of gas which may be produced from
this property, in the event that commercial production is obtained at
some future date.

(Note: The blanks in this Item 1. must be filled in.)

2. State as to the tract covered by this Offering Sheet, the following:

(a) Farm name;
(b) County and state where located; name of field, if any;
(c) Area in acres.

3. State as to the lease on the tract covered by this Offering Sheet, the
following:

(a) Is it in good standing?
(b) Date and term;
(c) Number of lessees of record.

4. Give the date of the information contained in this Division II, except that
for which a specific date is given.

(Note: Except as otherwise provided, this date must not be
more than 120 days prior to the delivery of this Offering
Sheet to the purchaser.)

5. Give:

(a) A brief summary of all contracts, assignments, or the like from or
through which the rights of the security holders derive and/or on
which they depend;
(b) As to the person from whose leasehold interest the overriding royalty
in question is derived.

(i) Name;
(ii) Address (city and state);
(iii) Amount of the unencumbered leasehold interest which he will re-
tain if the present proposed offering is entirely sold.

6. (a) State whether or not the interest offered is subject to any of the
following:

(i) Ad valorem tax;
(ii) Other taxes; (excluding income taxes)

(b) Who is liable for the taxes mentioned in (a) and to whom are they pay-
able?

7. Give the names and approximate depths from the surface of all horizons
represented as possibly oil and/or gas bearing and to possibly underlie
the tract, in order from shallowest to deepest.

(Note: See Note to Item 9.)

8. As to each horizon named in Item 7, give in the same order the following
information as disclosed by each well on the plat. (See Note 1.)

<table>
<thead>
<tr>
<th>Name of Horizon</th>
<th>Wells in which found (Locate by reference to plat) with total depths and dates of completion</th>
<th>Thickness of Horizon</th>
<th>Content of Horizon</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Note: See Note 2.)
9. State any other facts that will be used as a basis for claiming that possibly productive horizons underlie the tract.

(Note: The text of Items 7, 8, and 9 must be included. In lieu of answers there may be substituted under Item 9 the following statement:

"In lieu of answers to Items 7, 8, and 9 there is attached hereto as a part of this Offering Sheet, the report of (name and address), geologist, as to the oil and gas possibilities of the tract to which this Offering Sheet relates."

This report shall be included as an exhibit, shall contain the information for which Items 7, 8, and 9 call, and shall be prepared in accordance with the requirements stated under "Exhibits".)

10. Give the distance to and name of the nearest:

(a) Producing oil and/or gas field;
(b) Oil pipeline;
(c) Gas pipeline;
(d) Railroad or other facility for marketing or transportation.

11. Is the interest offered or the leasehold estate subject to any mortgage or deed of trust or to any lien or any encumbrance? If not, so state and omit following text and answers; if so, give the following:

(a) Nature of the obligation;
(b) Amount eventually to be due and payable;
(c) Date on which such amount will be due and payable;
(d) Date on which next payment of principal or interest will become due;
(e) Any amount now due and payable;
(f) Period of delinquency, if any;
(g) Name and address of the holder of the mortgage, lien, or other encumbrance.

(Note: If no representation that a well or wells are to be drilled is made as an inducement to the purchaser, include the following statement:

"No representation is made to the purchaser of the interest offered by means of this Offering Sheet that a well is to be drilled in a location that will affect the value of the property in question."

and omit the balance of Division II, except for Item 20, signature and exhibits. Otherwise include the following statement:

"The undersigned, as a part of the inducement to the pur- chaser of the interest offered by means of this Offering Sheet, represents that (number) well(s) is (are) proposed to be drilled on or so near to the property covered by this Offering Sheet as to affect its value."
indicate proposed locations on the plat, and include the text of and answers to the following items:

12. By whom will the well or wells be drilled?

(Note: This does not refer to the contractor.)

13. Before what date is it expected that the first well will be commenced?

14. Names and approximate depths of the horizons to be explored by the first well.

15. To what depth will the first well be drilled?

16. What is the expected approximate cost of drilling and completing such well?

17. State whether the person named in Item 12 is dependent in whole or in part upon the proceeds of the sale of this offering for the drilling of all proposed wells.

3. If the answer to Item 17 is "Yes", give the following:

(a) Estimated total net proceeds from the sale of those interests that will be available for drilling.

(b) Has provision been made to keep intact and to return the purchase price to the interest holder both (i) in the event that the well or wells are not completed within a reasonable time after the date given in Item 13; and (ii) in the event that the amount given in (a) is not raised? If so, describe fully.

3. If the answer to Item 18 (b) is "Yes", give the following:

(a) What disposition will be made of the amount raised?

(b) Will any payments be made from the proceeds of the sale of those interests prior to the completion of the number of wells represented as to be drilled? If so, list principal payments, and when and to whom to be made.

(c) What assurance has the holder of the interest that the wells will be completed?

(Note: Here may be given as to the person named in Item 12 a rating of a recognized credit bureau, a statement of assets and liabilities or whatever is deemed appropriate by the person filing the Offering Sheet. This question must be answered unless the answer to Item 18 (b) is affirmative. The required information may be furnished as an exhibit.)

Note: Item 20 on sheets filed with the Commission shall be as follows:

The undersigned, whose business address is (give State, City or Town, Street and Street number), has filed this Offering Sheet with the Securities and Exchange Commission, on his (its) own behalf and on the behalf of certain others, in accordance with the regulations of the Commission. By this filing the undersigned represents to any person who shall in reliance upon a copy hereof purchase any interest described herein, from or through the undersigned or any person on whose behalf this sheet has been so filed by him (it), that he (it) has made a reasonable investigation of the facts stated in this Division II and Exhibit A, that as to such facts he (it) has reasonable grounds to believe and does believe that the statements contained herein are true as of the dates stated; and that no material fact, known to the undersigned, has been omitted the inclusion of which would reasonably appear necessary, in the light of the circumstances, to make the information contained herein not misleading to the purchaser.

(Signature of person filing—see note.)

Item 20 on sheets delivered to purchaser shall be as follows:

The undersigned, whose business address is (give State, City or Town, Street and Street number) represents to any person who shall in reliance on this Offering Sheet purchase any interest described herein from or through the undersigned, that this Offering Sheet is, except as is permitted by the regulations of the Securities and Exchange Commission, a true copy of an Offering Sheet filed with the Commission, in accordance with its regulations, on behalf of the undersigned by (name of person making the filing), whose address is (address of person making the filing). The undersigned further represents to any purchaser,
as described above, that he (it) has reasonable grounds to believe, and does believe, that the statements contained in this Division II and Exhibit A are true as of the dates stated, and that no material fact, known to the undersigned, has been omitted, the inclusion of which would reasonably appear necessary, in the light of the circumstances, to make the information contained herein not misleading to the purchaser.

Signature of offeror - see Note)

Note: All signatures to Division II must be original signatures both on filed and delivered sheets. Filed sheets will be signed by the person making the filing, delivered sheets by the offeror. If the signatory is an individual, it should be his usual signature, which should be dated. Corporate, partnership or trust signatures should be in the appropriate following form:

Form for corporation:
The offeror of the within described interests, a corporation organized and existing under the laws of has duly caused this Offering Sheet to be signed on its behalf by the undersigned, thereto duly authorized, and its seal to be herunto affixed and attested, all in the city of and State of on the day of 19__.

(Title)

By ____________________________

(Seal)

Attest:

__________________________________________

(Title)

Form for partnership:
The offeror of the within described interests, a partnership doing business under the name and style of has duly caused this Offering Sheet to be signed on its behalf by the undersigned, thereto duly authorized at City, State, on the day of __, 19__.

(Title)

By ____________________________

Form for Trust:
The offeror of the within described interests, a trust, has duly caused this Offering Sheet to be signed on its behalf by the undersigned thereto duly authorized at City, State, on the day of 19__.

(Name)

By ____________________________

By ____________________________

(Signature of such trustees or others as are required by the Trust indenture to bind the Trust)
Exhibits A and B must be included as a part of the Offering Sheet. Other exhibits may be included if desired, but the matter contained therein shall not be in contravention of anything contained in any part of a complete Offering Sheet.

If the geologist's report (See Division II, Items 7, 8 and 9) is used it shall contain, in addition to the information for which those Items call, the following information as to the person making the report:

(1) His age;
(2) His education, with degrees, if any;
(3) Whether or not he is a member of any scientific or professional societies, giving names;
(4) Details of oil field knowledge, specifying those fields in which he has had experience;
(5) Whether his study of the region in which the tract offered is located has been casual or otherwise; and

conclude with the following signed and dated statement:

The undersigned, geologist of ____________________________ (City) ____________________________ (State) ____________________________ (Address) ____________________________ (Name) has prepared the foregoing geological report at the instance of ____________________________ for use as a part of an Offering Sheet to be used in the sale of the within described interests.

The undersigned agrees that copies thereof may be used as a part of such Offering Sheet by the above-named person or by any person on whose behalf, in accordance with the regulations of the Securities and Exchange Commission, the Offering Sheet, of which the above geological report is a part, is filed by him.

The undersigned understands that this geological report is to be used in the sale of said interests in the above property, and that a copy thereof as a part of an Offering Sheet will be delivered to each purchaser of any such interest who purchases such interest from or through the persons described in the second paragraph hereof. By this consent to its use, the undersigned represents to any such purchasers that as of the date hereof he has reasonable grounds to believe and does believe that the statements of fact contained in the within Geological Report are true; that statements of opinion contained therein are based upon the application of accepted professional or practical principles, and are in truth the opinions of the undersigned, and that the undersigned has reasonable grounds to believe and does believe that no material fact has been omitted therefrom, the inclusion of which would reasonably appear necessary, in the light of the circumstances, to make the information contained therein not misleading to the purchaser.

(Signature - see Note)

(Date)

(Note: Filed sheets must bear an original signature, delivered sheets may bear a facsimile or typed signature.)

Exhibit A.

Plat of the tract and the surrounding area to a distance of at least one-eighth of a mile from all sides, showing:

(a) Lease boundaries and operators' names;
(b) Approximate locations and spacings, the numbers and the depths of all producing, previously producing, and drilling oil and/or gas wells and of all dry holes;
(c) Legend stating the symbols used to designate each type of well shown on the plat;
(d) Date as of which the information thereon is supplied, which shall not be more than 120 days prior to the delivery of the Offering Sheet to purchaser.
(e) Proposed locations. (See Note preceding Item 12.)

The plat shall be on a named scale of not less than 4 inches to 1 mile where the tract is not larger than 640 acres, and in any event whatever shall be of such a named scale that the details shall be clearly legible to the naked eye.

Exhibit B.

Copy of the proposed instrument of conveyance which shall include the legal description of the tract in full.
EXHIBIT 14
APPENDIX II

The name of the offeror is: , a (state whether corporation, individual, etc.)

The offeror's address is: (give complete address)
SCHEDULE C

The statements printed below (exclusive of instructional notes which are indicated by brackets ( ) ) shall appear, in the order given, and divided into paragraphs as below, at the beginning of the Offering Sheet, in type or writing at least as large as that generally used throughout the Offering Sheet. The statements printed below in capitals shall be in capitals or italics, large type, or be underlined or in some other fashion be given extra prominence. The text of this instructional paragraph may be omitted.

(Farm Name)

DIVISION I

Producing Oil (Gas) Payment

NOTICE TO INVESTORS

THE FOLLOWING STATEMENTS ARE REQUIRED BY THE REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION TO APPEAR AT THE BEGINNING OF THIS OFFERING SHEET. THEY ARE REQUIRED FOR THE INFORMATION OF THE PROSPECTIVE INVESTOR AND SHOULD BE CAREFULLY READ.

THIS INTEREST HAS NOT BEEN APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION.

IT IS A CRIMINAL OFFENSE TO REPRESENT THAT THE COMMISSION HAS APPROVED THIS INTEREST OR HAS MADE ANY FINDING THAT THE STATEMENTS IN THIS OFFERING SHEET ARE CORRECT.

A copy of this sheet has been filed with the Securities and Exchange Commission, but the Commission has not passed upon the merits of the interest.

The return from a fully developed property is subject to fluctuation due to natural variation in the amount produced, to changes in the price of oil or gas, and, in fields where proration regulations are in force, to changes in allowable production. There will also be a natural decline in return as the producing power of the property decreases. Further successful development may increase the return from properties only partially developed when purchased. This return will be subject to fluctuation as stated above, and after the peak production is reached, to a natural decline.

There is no recognized exchange through which (oil) (gas) payments may be freely and expeditiously marketed. The value of any repurchase agreement depends upon the desire and the financial ability of the person making the agreement to carry it out.

It is required that a copy of this sheet be delivered to the purchaser prior to the conclusion of any contract of sale. The information contained in this Offering Sheet will, under the regulations of the Commission, be out of date on (insert date). (Note: As to time requirements see Regulations, Paragraph 12 (6), Division II, Item 4, Division III, Items 3, 4, and 5; and time requirements for Exhibit "A". Insert the earliest date on which any information given in the Offering Sheet will cease to be as of a required date. The text of this instructional note may be omitted.)

The offeror is required by the regulations of the Securities and Exchange Commission to supply the purchaser with evidence of title, satisfactory to the purchaser, prior to the payment of any part of the consideration by the purchaser. The purchaser is the sole judge of what is or is not satisfactory, and should apply the same test that he would use in the purchase of real estate on his own account.

The name of the offeror is: (state whether corporation, individual, etc.)

The offeror's address is: (give complete address)
Except as specifically noted in the case of certain Items, the text (exclusive of instructional notes) of the following numbered Items, the answers thereto, and the text of lettered paragraphs (a) and/or (b) if applicable, shall appear in the order given, numbered accordingly. The text of this instructional paragraph may be omitted.

DIVISION II

Paragraph (a).

No value is claimed for this interest based on possible return from (oil) (gas) production.

(Note: If value is claimed only for oil or only for gas, the appropriate above statement must appear. If value is claimed for both, it should be omitted.)

Paragraph (b).

No value is claimed for this interest based on possible return from horizons not now producing.

(Note: If such value is claimed, omit this statement.)

1. The smallest fractional interest proposed to be offered by means of this Offering Sheet is a (state fraction) of a total oil (gas) payment of (state in dollars or barrels). This total amount is to be paid from (state fraction) of the gross production of the tract (before) (after) deduction of operating expenses. The royalty reserved under the lease is a (state fraction) of the total production from the tract. On the basis of the present price of (per barrel for oil, or of (per M. cubic feet for gas, the tract must produce, after the purchase of such interest, a total of (x) barrels of oil or (y) M. cubic feet of gas before the purchase price of $ (z) for this fractional interest is returned.

(Note: The blanks in this Item 1 must all be filled in on delivered sheets. This would normally be done by the person making the filing, except as to (x), (y) and (z). Since blanks (x) and (y) depend upon the purchase price (z) which may not be known to the person making the filing, the filling of blanks (x), (y), and (z) would normally be by the retail dealer. Blanks (x), (y) and (z) may be left blank in filed copies only. The portion of the text applicable to either oil or gas may be omitted if the appropriate Paragraph (a) above appears.)

2. State as to the tract covered by this Offering Sheet the following:

(a) Farm name;
(b) Field, county and state where located;
(c) Area in acres;
(d) Name and address of operator.

3. State whether the selling price of the interest offered is based upon possible return from oil, from gas, or from both.

4. Give the date of the information contained in this Division II except that for which a specific date is given.

(Note: Except as otherwise provided this date must not be more than 90 days prior to the delivery of this Offering Sheet to the purchaser.)

5. State as to the lease on the tract covered by this Offering Sheet, the following:

(a) Date and term;
(b) The amount of landowners royalty reserved therein;
(c) Name, address and size of the interest of each lessee of record;

(Note: If any interests are held subject to any management contract, give only the name and address of the manager.)

(d) Whether or not the lease or any interest therein is subject to any overriding royalty. If so, state the amount.

6. Give the names and addresses of all oil and/or gas purchasers, state as to each whether or not the purchaser has a direct connected pipe line, and how the selling price is determined; e.g., whether by posted price, posted price subject to discount or premium or otherwise.

7. As to sales not made to direct connected pipe lines state any charges for transportation or marketing to which the interest is subject.

8. State the date upon which the interest holder's participation in the proceeds of oil and/or gas sales will commence.

9. State:

(a) Whether payments will be made by the purchasers of oil and/or gas direct to the interest holder or to another for payment to the interest holder;

(b) The nature and amount of any deductions that purchasers may make prior to payment for basic sediment, temperature, or otherwise;

(c) Approximate dates when payments are to be made;

(d) The following, if payment is not direct (otherwise omit the text of and answers to this Item 9 (d));

(i) Name and address of person to whom purchaser will remit;

(ii) His capacity (Trustee, Agent, Nominee, etc.);

(iii) The amount of his fee, if any;

(iv) The purpose and amount of any retention he is authorized to make;

(v) Approximate dates when payments are to be made to the interest holder.

10. Give:

(a) A brief summary of all contracts, assignments or the like from or through which the rights of the interest holder derive and/or on which they depend;

(b) As to the person from whose leasehold interest the oil (gas) payment in question is derived:

(i) Name;

(ii) Address (city and state);

(iii) Amount of the unencumbered leasehold interest which he will retain if the present proposed offering is entirely sold.

11. State whether or not there is a present market for all the oil and/or gas produced from the tract. If not, for what portion is there such a market?

(a) If no oil or gas is being sold, give the distance to the nearest pipe line, railroad, or other facility for marketing or transportation, otherwise omit text of and answer to this Item 11 (a).
12. State whether or not the interest offered is subject to any of the following:
   
   (a) Ad valorem tax;
   
   (b) Gross production tax;
   
   (c) Other taxes; (excluding income taxes.)

13. (a) Who is liable for the taxes mentioned in Item 12, and to whom are they payable?

   (b) If there is a gross production tax, on what basis is it calculated?

14. State whether any lienable claims have accrued against this property which remain unpaid. If so, give name of each claimant and the amount of the claim.

   (Note: If no representation that a well or wells are to be drilled on the tract is made as an inducement to the purchaser, include the following statement:

   "No representation is made to the purchaser of the interest offered by means of this Offering Sheet that a well is to be drilled on the tract in question."

   and omit the balance of Division II except for Item 33, signature and exhibits. Otherwise include the following statement:

   "The undersigned, as a part of the inducement to the purchaser of the interest offered by means of this Offering Sheet, represents that (number) well(s) is (are) to be drilled upon the tract in question.",

   indicate proposed locations on the plat and include the text of and answers to the following Items.)

15. By whom will the well or wells be drilled?

   (Note: This does not refer to the contractor.)

16. Before what date is it expected that the first well will be commenced?

17. Names and approximate depths of the horizons to be explored by the first well.

18. To what depth will the first well be drilled?

19. What is the expected approximate cost of drilling and completing such well?

20. State whether the person named in Item 15 is dependent in whole or in part upon proceeds of the sale of this offering for the drilling of all proposed wells.

21. If the answer to Item 20 is "Yes", give the following:

   (a) Estimated total not proceeds from the sale of these interests that will be available for drilling.

   (b) Has provision been made to keep intact and to return the purchase price to the interest holder both (i) in the event that the well or wells are not completed within a reasonable time after the date given in Item 16 and (ii) in the event that the amount given in (a) is not raised? If so, describe fully.

22. If the answer to Item 21 (b) is "No," give the following:

   (a) What disposition will be made of the amount raised?

   (b) Will any payments be made from the proceeds of the sale of these interests prior to the completion of the number of wells represented as to be drilled? If so, list principal payments, and when and to whom to be made.
(c) What assurance has the holder of the interest that the wells will be completed?

(Note: Here may be given as to the person named in Item 15 (a) rating of a recognized credit bureau, a statement of assets and liabilities, or whatever is deemed appropriate by the person filing the Offering Sheet. This question must be answered unless the answer to Item 21 (b) is affirmative. The required information may be furnished as an exhibit.)

Note: Item 23 on sheets filed with the Commission shall be as follows:

23. The undersigned, whose business address is (give State, City or Town, Street and Street number) has filed this Offering Sheet with the Securities and Exchange Commission, on his own behalf and on the behalf of certain others, in accordance with the regulations of the Commission. By this filing the undersigned represents to any person who shall in reliance upon a copy hereto purchase any interest described herein, from or through the undersigned or any person on whose behalf this sheet has been so filed by him (it), that he (it) has made a reasonable investigation of the facts stated in this Division II and Exhibit A; that as to such facts he (it) has reasonable grounds to believe and does believe that the statements contained herein are true as of the dates stated; and that no material fact, known to the undersigned, has been omitted, the inclusion of which would reasonably appear necessary, in the light of the circumstances, to make the information contained herein not misleading to the purchaser.

(Signature of person filing, see Note)

Item 23 on sheets delivered to purchaser shall be as follows:

The undersigned, whose business address is (give State, City or Town, Street and Street number) represents to any person who shall in reliance on this Offering Sheet purchase any interest described herein from or through the undersigned, that this Offering Sheet is, except as is permitted by the regulations of the Securities and Exchange Commission, a true copy of an Offering Sheet filed with that Commission, in accordance with its regulations, on behalf of the undersigned by (name of person making the filing) whose address is (address of person making the filing). The undersigned further represents to any purchaser, as described above, that he (it) has reasonable grounds to believe, and does believe, that the statements contained in this Division II and Exhibit A are true as of the dates stated, and that no material fact, known to the undersigned, has been omitted, the inclusion of which would reasonably appear necessary, in the light of the circumstances, to make the information contained herein not misleading to the purchaser.

(Signature of offeror, see Note)

Note: All signatures to Division II must be original signatures both on filed and delivered sheets. Filed sheets will be signed by the person making the filing, delivered sheets by the offeror. If the signatory is an individual, it should be his usual signature, which should be dated. Corporate, partnership or trust signatures should be in the appropriate following form:

...
Form for corporation:

The offeror of the within described interests, a corporation organized and existing under the laws of _______ has duly caused this Offering Sheet to be signed on its behalf by the undersigned, thereto duly authorized, and its seal to be hereunto affixed and attested, all in the city of _______ and State of _______ on the _______ day of _______, 19______.

________________________________________
(Name)

By______________________________________

________________________________________
(Seal)

Attest:

________________________________________
Title

Form for partnership:

The offeror of the within described interests, a partnership doing business under the name and style of _______ has duly caused this Offering Sheet to be signed on its behalf by the undersigned, thereto duly authorized at _______ (City) _______ (State), on the _______ day of _______, 19______.

________________________________________
(Name)

By______________________________________

________________________________________
Title

Form for Trust:

The offeror of the within described interests, a trust, has duly caused this Offering Sheet to be signed on its behalf by the undersigned thereto duly authorized at _______ (City) _______ State, on the _______ day of _______, 19______.

________________________________________
Name

By______________________________________

By______________________________________

(Signature of such trustees or others as are required by the Trust indenture to bind the Trust)

Except as specifically noted in the case of certain Items, the text (exclusive of instructional notes) of lettered paragraph (a) and of the following numbered Items, and the answers thereto, shall appear in the order given, numbered accordingly. The text of this instructional paragraph may be omitted.
DIVISION III
APPRAISAL REPORT

Paragraph (a):

Because of the many unknown and partially known factors involved, the amount of oil or gas to be recovered from a given property cannot be exactly and definitely determined. The weight which should be given to such an estimate should depend upon the character, competence and integrity of the person making it.

1. Give a brief history of the field in which the tract is located, stating year of discovery, approximate number of wells producing, position of the tract in relation to the field, and such other important facts of general interest as may appear desirable.

2. State the date of initial production of oil and/or gas on the tract.

3. Total production of oil and/or gas* from the tract from all horizons in barrels and/or thousand cubic feet down to __________________________________________________________________________________________.

   (Note: This date must not be more than 90 days prior to the delivery of the offering sheet to the purchaser.)

   (*Omit if no value is claimed for gas production.)

4. Table covering a period of 12 months, or such shorter period as the tract has been producing, to a named date not more than 90 days prior to the delivery of the Offering Sheet, showing by months:

   (a) Gross production of:

      (i) Oil
      (ii) Gas*
      (iii) Water—Show actual percentages where possible;

   (b) Allowable production of:

      (i) Oil
      (ii) Gas*

   (c) Net production for smallest interest proposed to be offered;

      (Note: See Division II, Item 1.)

   (d) Prices of highest and lowest gravity oil produced and/or price of gas*;

   (e) Wells completed, shut in, or abandoned in each month.

      (*Omit if no value is claimed for gas production.)

5. Table covering a period of 12 months, or such shorter period as the tract has been producing, to a named date not more than 90 days prior to the delivery of the Offering Sheet, showing by months for the smallest interest proposed to be offered:

   (a) Gross production (in dollars);

   (b) Operating expenses;

   (c) Drilling expenses;

   (d) Royalty and all other expenses, including overhead and taxes;

   (e) Monthly pay-off — (a) minus (b plus c plus d)
6. Table showing separately as to each horizon now producing, in the order encountered by the drill:

(a) Name of horizon and its average depth below the surface;
(b) Number of producing wells with dates of completion. (If more than 16 wells, give the dates of completion of the first three and the last three only.)
(c) Thickness of producing formation;
(d) Thickness drilled actually oil and/or gas* bearing;
(e) Acres* producing;  
   (*To be determined by the drilling practice of the field.)
(f) Acre feet actually producing--(d) multiplied by (e).
(g) Estimated total recoverable oil and/or gas* in barrels and/or thousand feet (Taken from Item 8.)  
   (*Omit if no value is claimed for gas production.)

7. As to each horizon now producing give the following:

(a) Its name, and the number of:

(i) Dry holes--explain;
(ii) Abandoned wells--explain;
(iii) Shut-in wells--explain;
(iv) Drilling wells;
(v) Flowing wells;
(vi) Pumping wells;
(viii) Additional wells which must be drilled to recover the estimated reserves of oil and/or gas and state whether or not the drilling of this number of wells is in accordance with the present drilling practice in the field.

8. Estimate of recoverable oil and/or gas* from date of discovery.

(Note: Make separate estimates in detail for each producing horizon. State reasons for using the particular method employed in the report, setting out in detail the various factors, percentages, etc. If the porosity-saturation method is employed, state how and by whom the porosity and saturation were determined and write out in equation form using the actual figures. If drainage area is claimed in excess of the actual area of the tract, explain fully the reasons for the claim, and outline on a separate map the drainage area claimed. This map shall be on the same scale and show the data required for Exhibit B.)

(* Omit if no value is claimed for gas production.)
9. Summary of estimated future recovery;

(a) Estimated recoverable oil and/or gas* from date of recovery. (Taken from Item S) __________ barrels and/or __________ thousand feet.

(b) Production down to (date given in Item 3) __________ barrels and/or __________ thousand feet.

(c) Net estimated future recoverable oil and/or gas* for lease. - (a) minus (b) __________ barrels and/or __________ thousand feet, as of (date given in Item 3).

(d) Net estimated future recoverable oil and/or gas* for the smallest interest proposed to be offered. __________ barrels and/or __________ thousand feet, as of (date given in Item 3).

(Note: See Division II, Item 1.)

(*Omit if no value is claimed for gas production.)

(Note: Explain fully any deductions or additions in arriving at the total estimate.)

10. The person making the above appraisal report shall give fully his qualifications, stating:

(a) His age;

(b) His education, with degrees, if any;

(c) Whether or not he is a member of any scientific or professional societies, giving names;

(d) The details of his oil field knowledge, specifying those fields in which he has had experience.

(e) Whether his study of the region in which the tract offered is located has been casual or otherwise.

11. The person making the above appraisal report shall make appropriate insertions in and sign the following statement:

The undersigned whose business address is (give State, City or Town, Street and Street Number, has prepared the foregoing appraisal report at the instance of __________ (Name) __________ (Address) for use as a part of an Offering Sheet to be used in the sale of the within described interests.

The undersigned agrees that copies thereof may be used as a part of such Offering Sheet by the above named person or by any person on whose behalf, in accordance with the regulations of the Securities and Exchange Commission, the Offering Sheet, of which the above appraisal report is a part, is filed by him.

The undersigned understands that this appraisal report is to be used in the sale of said interests in the above property, and that a copy thereof as a part of an Offering Sheet will be delivered to each purchaser of any such interest who purchases such interest from or through the persons described in the second paragraph hereof. By this consent to its use, the undersigned, represents to any such purchaser that, as of the date hereof, he has reasonable grounds to believe and does believe that the statements of facts contained in the within Appraisal Report are true; that statements of opinion contained therein are based upon the application of accepted professional or practical principles, and are in truth the opinions of the undersigned, and that the undersigned has reasonable grounds to believe and does believe that no material fact has been omitted therefrom the inclusion of which would reasonably appear necessary, in the light of the circumstances, to make the information contained therein not misleading to the purchaser.
(Note: Filed sheets must bear an original signature, delivered sheets may bear a fac-simile or typed signature. For forms of signature, see Note to Division II.)

EXHIBITS

Exhibits A and B must be included as a part of the Offering Sheet. Other exhibits may be included if desired, but the matter contained therein shall not be in contravention of anything contained in any part of a complete Offering Sheet.

Exhibit A.

Plat of the tract and the surrounding area to a distance of at least one-eighth of a mile from all sides, showing:

(a) Lease boundaries and operators' names;

(b) Approximate locations and spacings, the numbers and the depths of all producing, previously producing, and drilling oil and/or gas wells and of all dry holes;

(c) Legend stating the symbols used to designate each type of well shown on the plat;

(d) Date as of which the information thereon is supplied, which shall not be more than 90 days prior to the delivery of the Offering Sheet to purchaser.

(e) Proposed locations (see note preceding Item 35).

The plat shall be on a named scale of not less than 4 inches to 1 mile where the tract is not larger than 640 acres, and in any event whatever shall be of such a named scale that the details shall be clearly legible to the naked eye.

Exhibit B.

Copy of the proposed instrument of conveyance which shall include the legal description of the tract in full.
The statements printed below (exclusive of instructional notes which are indicated by brackets ( )) shall appear, in the order given, and divided into paragraphs as below, at the beginning of the Offering Sheet, in type or writing at least as large as that generally used throughout the Offering Sheet. The statements printed below

EXHIBIT 15

APPENDIX II

(Note: The blanks in this Item 1. must be filled in.)
The statements printed below (exclusive of instructional notes which are indicated by brackets ( ) shall appear, in the order given, and divided into paragraphs as below, at the beginning of the Offering Sheet, in type or writing at least as large as that generally used throughout the Offering Sheet. The statements printed below in capitals shall be in capitals or italics, large type, or be underlined or in some other fashion be given extra prominence. The text of this instructional paragraph may be omitted.

**DIVISION I**

**Notice to Investors**

The following statements are required by the Regulations of the Securities and Exchange Commission to appear at the beginning of this offering sheet. They are required for the information of the prospective investor and should be carefully read.

This interest has not been approved by the Securities and Exchange Commission.

It is a criminal offense to represent that the Commission has approved this interest or has made any finding that the statements in this offering sheet are correct.

A copy of this sheet has been filed with the Securities and Exchange Commission, but the Commission has not passed upon the merits of the interest.

There is no recognized exchange through which oil (gas) payments may be freely and expeditiously marketed. The value of any repurchase agreement depends upon the desire and the financial ability of the person making the agreement to carry it out.

It is required that a copy of this sheet be delivered to the purchaser prior to the conclusion of any contract of sale. The information contained in this Offering Sheet will, under the regulations of the Commission, be out of date on (insert date). (Note: As to time requirements see Regulations, Paragraph 12 (6), Division II, Item 4; and time requirements for Exhibit "A", and final date of geological report if used. Insert the earliest date on which any information given in the Offering Sheet will cease to be as of a required date. The text of this instructional note may be omitted.)

The offeror is required by the regulations of the Securities and Exchange Commission to supply the purchaser with evidence of title, satisfactory to the purchaser, prior to the payment of any part of the consideration by the purchaser. The purchaser is the sole judge of what is or is not satisfactory, and should apply the same test that he would use in the purchase of real estate on his own account.

The name of the offeror is: a (state whether a corporation, individual, etc.).

The offeror's address is: (give complete address)

Except as specifically noted in the case of certain items, the text (exclusive of instructional notes) of the following numbered items and the answers thereto, shall appear in the order given, numbered accordingly. The text of this instructional paragraph may be omitted.

**Division II**

1. The smallest fractional interest proposed to be offered by means of this Offering Sheet is a (state fraction) of a total oil (gas) payment of (state in dollars or barrels). This total amount is to be paid from (state fraction) of the gross production of the tract (before) (after) deduction of operating expenses. The royalty reserved under the lease is a (state fraction) of the total production from the tract. The fractional interest stated above will be entitled to one barrel out of every barrels of oil, or one M. cubic feet of gas out of every M. cubic feet of gas which may be produced from this property, in the event that commercial production is obtained at some future date.

(Note: The blanks in this item 1. must be filled in.)
State as to the tract covered by this Offering Sheet the following:

(a) Farm name;
(b) County and state where located; name of field, if any;
(c) Area in acres.

State as to the lease on the tract covered by this Offering Sheet, the following:

(a) Is it in good standing?
(b) Date and term;
(c) Number of lessees of record.

Give the date of the information contained in this Division II, except that for which a specific date is given.

(Note: Except as otherwise provided this date must not be more than 120 days prior to the delivery of this Offering Sheet to the purchaser.)

Give:

(a) A brief summary of all contracts, assignments, or the like from or through which the rights of the security holder derive and/or on which they depend;
(b) As to the person from whose leasehold interest the oil (gas) payment in question is derived:
   (i) Name;
   (ii) Address (city and state);
   (iii) Amount of the unnumbered leasehold interest which he will retain if the present proposed offering is entirely sold.

(a) State whether or not the interest offered is subject to any of the following:
   (i) Ad valorem tax;
   (ii) Other taxes; (excluding income taxes)
(b) Who is liable for the taxes mentioned in (a) and to whom are they payable?

Give the names and approximate depths from the surface of all horizons represented as possibly oil and/or gas bearing and to possibly underlie the tract, in order from shallowest to deepest.

(Note: See Note to Item 9.)

As to each horizon named in Item 7, give in the same order the following information as disclosed by each well on the plat. (See Note 1.)

<table>
<thead>
<tr>
<th>Name of Horizon</th>
<th>Wells in which found (Locate by reference to plat) with total depths and dates of completion</th>
<th>Thickness of Horizon</th>
<th>Content of Horizon (See Note 2.)</th>
</tr>
</thead>
</table>

(Note 1. If there are more than 4 such wells the required information may be given only as to those wells on or offsetting the tract.)

(Note 2. If a commercial well, give initial production; if dry or water bearing, so state; if a show of oil or gas is claimed, give authority for the claim, i.e., filed log, driller's statement, etc.)

(Note 3. See Note to Item 9.)

State any other facts that will be used as a basis for claiming that possibly productive horizons underlie the tract.
10. Give the distance to and name of the nearest:
   (a) Producing oil and/or gas field;
   (b) Oil pipeline;
   (c) Gas pipeline;
   (d) Railroad or other facility for marketing or transportation.

11. Is the interest offered or the leasehold estate subject to any mortgage or deed
    of trust or to any lien or any encumbrance? If not, so state and omit the
    following text and answers; if so, give the following:
    (a) Nature of the obligation;
    (b) Amount eventually to be due and payable;
    (c) Date on which such amount will be due and payable;
    (d) Date on which next payment of principal or interest will become due;
    (e) Any amount now due and payable;
    (f) Period of delinquency, if any;
    (g) Name and address of the holder of the mortgage, lien, or other
        encumbrance.

(Note: If no representation that a well or wells are to be drilled
is made as an inducement to the purchaser, include the following
statement:

"No representation is made to the purchaser of the interest
offered by means of this Offering Sheet that a well is to
be drilled in a location that will affect the value of the
property in question."

and omit the balance of Division II, except for Item 20, signatures
and exhibits. Otherwise include the following statement:

"The undersigned, as a part of the inducement to the purchaser
of the interest offered by means of this Offering Sheet, repre-
sents that (number) well(s) is (are) proposed to be drilled on
or so near to the property covered by this Offering Sheet as
to affect its value."

indicate proposed locations on the plat, and include the text of
and answers to the following Items.)

12. By whom will the well or wells be drilled?
    (Note: This does not refer to the contractor)

13. Before what date is it expected that the first well will be commenced?

14. Names and approximate depths of the horizons to be explored by the first well.

15. To what depth will the first well be drilled?
What is the expected approximate cost of drilling and completing such well?

State whether the person named in Item 12 is dependent in whole or in part upon the proceeds of the sale of this offering for the drilling of all proposed wells.

If the answer to Item 17 is "Yes", give the following:

(a) Estimated total net proceeds from the sale of these interests that will be available for drilling;

(b) Has provision been made to keep intact and to return the purchase price to the interest holder both (i) in the event that the well or wells are not completed within a reasonable time after the date given in Item 13; and (ii) in the event that the amount given in (a) is not raised? If so, describe fully.

If the answer to Item 18 (b) is "No", give the following:

(a) What disposition will be made of the amount raised?

(b) Will any payments be made from the proceeds of the sale of these interests prior to the completion of the number of wells represented as to be drilled? If so, list principal payments, and when and to whom to be made.

(c) What assurance has the holder of the interest that the wells will be completed?

(Note: Here may be given as to the person named in Item 12 a rating of a recognized credit bureau, a statement of assets and liabilities or whatever is deemed appropriate by the person filing the Offering Sheet. This question must be answered unless the answer to Item 18 (b) is affirmative. The required information may be furnished as an exhibit.)

Note: Item 20 on sheets filed with the Commission shall be as follows:

20. The undersigned, whose business address is (State, City or Town, Street and Street number) has filed this Offering Sheet with the Securities and Exchange Commission, on his (its) own behalf and on the behalf of certain others, in accordance with the regulations of the Commission. By this filing the undersigned represents to any person who shall in reliance upon a copy herof purchase any interest described herein, from or through the undersigned or any person on whose behalf this sheet has been so filed by him (it), that he (it) has made a reasonable investigation of the facts stated in this Division II and Exhibit A; that as to such facts he (it) has reasonable grounds to believe and does believe that the statements contained herein are true as of the dates stated; and that no material fact, known to the undersigned, has been omitted the inclusion of which would reasonably appear necessary, in the light of the circumstances, to make the information contained herein not misleading to the purchaser.

(Signature of person filing — see Note.)

Item 20 on sheets delivered to purchaser shall be as follows:

20. The undersigned, whose business address is (State, City or Town, Street and Street number) represents to any person who shall in reliance on this Offering Sheet purchase any interest described herein from or through the undersigned, that this Offering Sheet is, except as is permitted by the regulations of the Securities and Exchange Commission, a true copy of an Offering Sheet filed with that Commission, in accordance with its regulations, on behalf of the undersigned by (name of person making the filing) whose address is (address of person making the filing). The undersigned further represents to any purchaser, as described above, that he (it) has reasonable grounds to believe, and does believe, that the statements contained in this Division II and Exhibit A are true as of the dates stated, and that no material fact, known to the undersigned, has been omitted, the inclusion of
which would reasonably appear necessary, in the light of the circumstances, to make the information contained herein not misleading to the purchaser.

(Signature of offeror – See Note)

Note: All signatures to Division II must be original signatures both on filed and delivered sheets. Filed sheets will be signed by the person making the filing, delivered sheets by the offeror. If the signatory is an individual, it should be his usual signature, which should be dated. Corporate, partnership or trust signatures should be in the appropriate following form:

Form for corporation:

The offeror of the within described interests, a corporation organized and existing under the laws of ____________ has duly caused this Offering Sheet to be signed on its behalf by the undersigned, thereto duly authorized, and its seal to be hereunto affixed and attested, all in the city of ____________, and State of ____________, on the ______ day of ____________, 19____.

(Seal)

Attest:

______________________________  ______________________________

By ______________________________  ______________________________

Title

Form for partnership:

The offeror of the within described interests, a partnership doing business under the name and style of ____________ has duly caused this Offering Sheet to be signed on its behalf by the undersigned, thereto duly authorized at ____________, on the ______ day of ____________, 19____.

______________________________  ______________________________

By ______________________________  ______________________________

City  State

Form for Trust:

The offeror of the within described interests, a trust, has duly caused this Offering Sheet to be signed on its behalf by the undersigned thereto duly authorized at ____________, on the ______ day of ____________, 19____.

______________________________

By ______________________________

By ______________________________

(Signature of such trustees or others as are required by the Trust indenture to bind the Trust)
Exhibits A and B must be included as a part of the Offering Sheet. Other exhibits may be included if desired, but the matter contained therein shall not be in revocation of anything contained in any part of a complete Offering Sheet.

If the geologist's report (See Division II, Items 7, 8 and 9) is used it shall be, in addition to the information for which those Items call, the following information as to the person making the report:

(1) His age;
(2) His education, with degrees, if any;
(3) Whether or not he is a member of any scientific or professional societies, giving names;
(4) Details of his oil field knowledge, specifying those fields in which he has had experience;
(5) Whether his study of the region in which the tract offered is located has been casual or otherwise; and

lade with the following signed and dated statement:

The undersigned, geologist of ______________________ (City) ______________________ (State), has prepared the foregoing geological report at the instance of ______________________ (Name), ______________________ (Address), for use as a part of an Offering Sheet to be used in the sale of the within described interests.

The undersigned agrees that copies thereof may be used as a part of such Offering Sheet by the above-named person or by any person on whose behalf, in accordance with the regulations of the Securities and Exchange Commission, the Offering Sheet, of which the above geological report is a part, is filed by him.

The undersigned understands that this geological report is to be used in the sale of said interests in the above property, and that a copy thereof as a part of an Offering Sheet will be delivered to each purchaser of any such interest who purchases such interest from or through the persons described in the second paragraph hereof. By this consent to its use, the undersigned represents to any such purchaser that as of the date hereof, he has reasonable grounds to believe and does believe that the statements of fact contained in the within Geological Report are true; that statements of opinion contained therein are based upon the application of accepted professional or practical principles, and are in truth the opinions of the undersigned, and that the undersigned has reasonable grounds to believe and does believe that no material fact has been omitted therefrom, the inclusion of which would reasonably appear necessary, in the light of the circumstances, to make the information contained therein not misleading to the purchaser.

Signature (See Note) ______________________

(Date) ______________________

(Note: Filed sheets must bear an original signature, delivered sheets may bear a fac-simile or typed signature)
Exhibit A.

Plat of the tract and the surrounding area to a distance of at least one-eighth of a mile from all sides, showing:

(a) Lease boundaries and operators' names;

(b) Approximate locations and spacings, the numbers and the depths of all producing, previously producing, and drilling oil and/or gas wells and of all dry holes;

(c) Legend stating the symbols used to designate each type of well shown on the plat;

(d) Date as of which the information thereon is supplied, which shall not be more than 120 days prior to the delivery of the Offering Sheet to purchaser.

(e) Proposed locations. (See Note preceding Item 12.)

The plat shall be on a named scale of not less than 4 inches to 1 mile where the tract is not larger than 640 acres, and in any event whatsoever shall be of such a named scale that the details shall be clearly legible to the naked eye.

Exhibit B.

Copy of the proposed instrument of conveyance which shall include the legal description of the tract in full.
EXHIBIT 16
APPENDIX II

Date of Statement:

1/ If stated in terms of the production to which the interest is entitled, indicate.

2/ Insert the word "undersigned" if appropriate, or the name and address of person filing in behalf thereof.
Securities and Exchange Commission
Washington, D. C.

Confidential Statement
of Sale of Oil or Gas Interest

(Description of property sufficient for identification with the Offering sheet on file, including farm name, if any.)

On ______ a contract of sale for an interest in the above property was concluded by the undersigned with ________

(name of purchaser)

(residence or business address of purchaser)

Type of interest sold: (check)
Landowner's royalty interest
Working interest
Free Working interest
Overriding royalty interest
Oil or gas payment

Amount sold: 1/

Sale price: ____________________________

Evidence of title furnished purchaser, as required by regulations, on ________ (date).

Copy of Offering Sheet furnished purchaser, as required by regulations, on ________ (date).

The copy of Offering Sheet furnished was identical, except as permitted by the regulations, with the Offering Sheet previously filed with the Commission by 2/ ____________________________

(Signature)

(Address)

Date of Statement: ____________________________

1/ If stated in terms of the production to which the interest is entitled, indicate.

2/ Insert the word "undersigned" if appropriate, or the name and address of person filing in behalf thereof.
(SAMPLE FORM - NOT FOR FILING)

FORM G - 2

FORM G - 2
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

RULES AND INSTRUCTIONS ACcompanyING FORM G-2
(NON-PRODUCING OIL AND GAS ROYALTY INTERESTS)

Note: These Rules and Instructions are to be detached by the registrant and are not to be included in the papers filed as a registration statement.

RULES AS TO THE USE OF FORM G-2

1. Form G-2 is to be used to register fractional undivided non-producing oil and gas royalty interests.

2. As used in these rules the term "non-producing royalty interest" means any royalty interest not included in the definition of "producing royalty interest" as contained in Rule 2 as to the use of Form G-1.

INSTRUCTIONS AS TO PREPARING FORM G-2

1. Answers to items are to be given subject to the following qualifications:

   (a) Except as provided in paragraph (b), the inclusion of information by the registrant is a representation, as to such matters as are or should reasonably be within his knowledge, that the information given is true, and that, as to such matters as are not directly within his knowledge, he has grounds for a reasonable belief and does believe that the information given is true.

   (b) If, after reasonable effort, the registrant cannot furnish an item of required information on his own responsibility, and if he has reason to doubt the accuracy of all the information which he has acquired with regard to that item, he may omit any answer to that item, except that in no case may he emit, on this ground, information which can be secured by consultation of a public record filed with any body or agency which, by statute, has regulatory jurisdiction over the tract to which the royalty interest applies. As to
information of the latter type, the registrant may include a disclaimer of responsibility, if a reference to the public record is given.

(c) Information demanded by the items or parts of items listed below may be omitted (i) if the royalty interest offered does not cover gas produced; or (ii) if the registration statement includes the following statement upon its first page: "No value is claimed for this royalty interest based on possible return from gas production." The items referred to are: 10(j), 10(k), under ll all data as to transportation facilities for gas produced, under 13(c) royalty provisions as to gas.

(d) Information demanded by the items and parts of items listed below may be omitted if the royalty interest offered does not cover oil produced: 10(i), under 11 all data as to transportation facilities for oil produced, under 13(c) royalty provisions as to oil.

(e) Except as otherwise indicated, the information required is to be of a date not more than 31 days prior to the date of filing of the registration statement. If, under any item, information is given as of a date different from that required by that item, there must be included an explanation of the omission of information as of the "date required.

2. Except where otherwise expressly provided and subject to the qualifications in the next paragraph, each item shall be answered fully and separately and not by reference to another item or to any exhibit or other instrument.

3. "Brief" answers or statements are required, brevity is an essential. It is not intended, in such case, for example, that the full legal provisions of any document shall be set forth, but only, in succinct form, the most important thereof. In order to prevent such answer or statement being misleading, the answer or statement may conclude by an incorporation by reference of particular items, sections, or paragraphs of any other part of the registration statement or of any exhibit made a part thereof.

4. All statements shall be typed or printed. Typed or printed matter shall leave a margin of at least 1/2 inches on the left. Statements shall be securedly bound, and on the left only. Riders may not be used. If the statement is typed on a printed form, and the space provided in the form for an answer to any given item is insufficient, the answer shall be typed in the space provided so far as the space permits, and shall include in such space a reference to a full insert page or pages on which the answer shall be continued. Such insert page shall bear the number of the item thus continued.

5. Calculation of fee. The fee for registration is one one-hundredth of 1 per centum of the maximum aggregate offering price at which the interests registered are proposed to be offered, but in no case less than $25.
Registration No._______

FORM G.- 2

FEDERAL TRADE COMMISSION
SECURITIES DIVISION
WASHINGTON, D.C.

REGISTRATION STATEMENT

NON-PRODUCING OIL AND GAS ROYALTY INTERESTS

Name of registrant:
Address of registrant:
Character of interest registered: 1/
Aggregato amount registered:
Designation of tract to which the interest registered applies: 2/
Amount of filing fee: 3/
Date of proposed offering:

Name and address of person who is authorized to receive service and notices which may be issued by the Federal Trade Commission:

1/ State whether oil, oil and gas, or gas.

2/ This may be designation by the name of the form occupying the tract, or by the name of the lessor and lessee, or by any other commonly accepted method. No legal description is required here.

3/ See Instruction 5, p. 2, of Rules and Instructions accompanying this form.
INFORMATION TO BE CONTAINED IN THE REGISTRATION STATEMENT

1. Name and address of registrant.

2. (a) The form or style of organization of the registrant, such as individual, corporation, trust, partnership, etc.;

   (i) the date of organization;

   (c) If the registrant be a corporation, the name of the state or other sovereign power under the laws of which it is incorporated.

3. Date of information given in the registration statement, except of that information for which a specific date is given.

4. Products specifically covered by the interests registered.

5. (a) Aggregate portion of royalty interest registered.

   (b) Size of smallest fractional interest which registrant proposes to create in the aggregate interest registered.

6. Prices at which it is proposed to offer fractional interests registered hereunder; if such prices are not fixed, the method by which the prices are to be computed or determined.

7. Location of tract to which the interests registered apply:

   (a) State; county; legal description; name of farm, if any.

   (b) Area in acres.

   (c) Designation of field, if any.

8. Name and address of operator of tract.

9. Include a plat of the tract and the surrounding area to a distance sufficient to include the tract referred to in item 10, but in no case less than one-half mile in every direction from the tract to which the royalty interest offered applies. This plat shall show the approximate locations and spacings, and the depths of all producing, previously producing and drilling oil and/or gas wells and of all dry holes. It shall be on a scale of not less than 4 inches to 1 mile. It shall bear the date as of which the information is supplied.

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1/ As used throughout the registration statement the word "products" means those products to which the royalty interest offered applies.

2/ Fractions should be stated in terms of the royalty interest, not in terms of the rights to production. If, for example, the aggregate portion registered is 1/32 in a royalty entitled to 1/8 of the production, the figure given should be 1/32, and not 1/256.
10. Give the following information concerning the nearest tract producing oil and/or gas within an area of 2 miles (if there is none include a specific statement to that effect):

(a) Approximate distance from the border of the tract to which the royalty interest offered applies.

(b) Date of initial production of oil and/or gas.

(c) Total production of oil and/or gas to a named date within 60 days of date of delivery of offering sheet.

(d) Present daily rated potential as established by named prorating body.

(e) Average daily production (The figures shall be an average of the production over a one-month period ending on a named date within 60 days of date of delivery of offering sheet.)

(f) Name of each horizon from which production is being obtained.

(g) Depth, from surface, of top of each such horizon.

(h) Thickness of each such horizon (where thickness is not known, greatest distance drilled into horizon may be given).

(i) Gravity of oil produced in degrees A.P.I. (giving range, if the gravity is variable).

(j) State whether hydrogen sulphide in appreciable quantities is present in gas produced.

(k) Is gas being sold from this tract?

11. What facilities exist for the transportation of any oil and/or gas which might be produced from the tract to which the royalty interests registered applies?

12. Are the interests registered subject to a mortgage or deed of trust or to any lien or encumbrance for unpaid taxes? If so, state which, the amount eventually due and payable, the date on which such amount will become due and payable, the amount now due and payable, the period of delinquency (if any). Give the name and address of the holder of the mortgage or deed of trust or that of the taxing body.

13. With regard to the loans under which the royalty owners are to receive payments--

1/ See Instruction 1(e).

2/ See Instruction 1(d).

3/ See Instruction 1(e) and (d).
(a) Give the names of the lessor and lessee, or otherwise describe the lease sufficiently to permit its identification under the recording system under which it is recorded.

(b) If the lease is not of permanent duration or so long as oil and/or gas is being produced in commercial quantities, state its duration.

(c) Summarize briefly the royalty provisions, stating separately the royalty provisions relating to oil and to gas and whether the royalty payable is subject to any possible deductions under the lease, such as costs of dehydration, or of drilling, operation, or maintenance of one or more wells.

(d) Rental provisions.

14. (a) If the instruments by which the royalty interests registered are proposed to be conveyed will not give the holders the right to proportionate fractions of the total royalty payments or of the total rentals under present or future leases or of the total bonuses in connection with future leases, so state and summarize briefly any relevant provisions of such instruments.

(b) If under such instruments the royalties payable are subject to any possible deductions other than those stated in answer to item 13(c), summarize briefly the provisions imposing such deductions.

15. Submit as an exhibit a copy of an opinion as to the validity of the title of the lessee or his principal, signed by a member of the bar of the State, Territory or County in which the tract is located, which shall state briefly the scope of the examination upon which the opinion is based.

16. With respect to each denial by a governmental regulatory body of the right of the registrant to sell any securities, explain briefly the grounds of the denial.

EXHIBITS

The following exhibits shall be attached as a part of the registration statement. The issuer may file such other exhibits as it may desire, marking them so as to indicate clearly the item to which they refer. If any of these exhibits are not submitted, state why this requirement cannot be met.

Exhibit A. Flat referred to in Item 9.

Exhibit B. Copy of instrument proposed to be used for transfer or conveyance of interests registered (see Item 14).

Exhibit C. Copy of opinion referred to in Item 15.

Exhibit D. Certified copies of all governmental regulatory bodies by which the right of the registrant to sell any securities was or is denied (see Item 16) and of any subsequent orders of such bodies with respect to such denials.

2/ See Instruction 1(d).
SIGNATURES

(A) Issuer (if an individual or partnership). All members of a partnership are required to sign.

________________________________________

________________________________________

________________________________________

(B) Issuer (if corporation, trust 1/, or association).

(SEAL) By _____________________________

By _____________________________

By _____________________________

Attest: _____________________________

By _____________________________

By _____________________________

By _____________________________

Principal Executive Officer.

Principal Financial Officer.

Principal Accounting Officer.

________________________________________

A majority of the board of directors; or all trustees (if issuer is trust).

1/ In the case of a trust, the signature here should be such as will bind the assets of the trust, but will not, under the provisions of the trust agreement, if any, bind the persons signing individually. Notwithstanding this signature, all trustees must sign below. If the signature on behalf of the issuer is signed otherwise than by all the trustees, attach evidence of the authority of the person or persons signing. If, in addition to the group or persons who sign as trustees, the governing instruments provide for others whose functions are similar to those of directors of a corporation, a majority of such latter persons must also sign.