

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK, N. Y. 10045

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July 19, 1971

To All State Member Banks in the
Second Federal Reserve District:

Under Rule 10b-17 of the Securities Exchange Act of 1934, adopted by the Securities and Exchange Commission effective July 12, 1971, issuers of "publicly traded securities" are required to give advance notice of certain actions, specified in paragraph (a) of the Rule, to the National Association of Securities Dealers, Inc. or to the exchange on which securities of the issuer are registered.

Enclosed is a copy of Rule 10b-17. Since the application of the Rule to "publicly traded securities" may well be broadly interpreted, your bank may wish to consult with counsel in determining its application.

Fred W. Piderit, Jr.,
Vice President

RULE 10b-17 UNTIMELY ANNOUNCEMENTS OF RECORD DATES

(a) It shall constitute a "manipulative or deceptive device or contrivance" as used in Section 10(b) of the Act for any issuer of a class of securities publicly traded by the use of any means or instrumentality of interstate commerce or of the mails or of any facility of any national securities exchange to fail to give notice in accordance with paragraph (b) hereof of the following actions relating to such class of securities:

- (1) a dividend or other distribution in cash or in kind, except an ordinary interest payment on a debt security, but including a dividend or distribution of any security of the same or another issuer;
- (2) a stock split or reverse split; or
- (3) a rights or other subscription offering.

(b) Notice shall be deemed to have been given in accordance with this rule only if:

- (1) given to the National Association of Securities Dealers, Inc. no later than ten days prior to the record date involved or, in case of a rights subscription or other offering if such 10 days advance notice is not practical, on or before the record date and in no event later than the effective date of the registration statement to which the offering relates, and such notice includes:
 - (a) title of the security to which the declaration relates;
 - (b) date of declaration;
 - (c) date of record for determining holders entitled to receive the dividend or other distribution or to participate in the stock or reverse split;

- (d) date of payment or distribution or, in the case of a stock or reverse split or rights or other subscription offering, the date of delivery;
- (e) for a dividend or other distribution including a stock or reverse split or rights or other subscription offering;
 - (i) in cash, the amount of cash to be paid or distributed per share, except if exact per share cash distributions cannot be given because of existing conversion rights which may be exercised during the notice period and which may affect the per share cash distribution, then a reasonable approximation of the per share distribution may be provided so long as the actual per share distribution is subsequently provided on the record date;
 - (ii) in the same security, the amount of the security outstanding immediately prior to and immediately following the dividend or distribution and the rate of the dividend or distribution;
 - (iii) in any other security of the same issuer, the amount to be paid or distributed and the rate of the dividend or distribution;
 - (iv) in any security of another issuer, the name of the issuer and title of that security, the amount to be paid or distributed, and the rate of the dividend or distribution and if that security is a right or a warrant, the subscription price;
 - (v) in any other property (including securities not covered under subdivisions (ii) through (iv) above) the identity of the property and its value and basis for assigning that value;

- (f) method of settlement of fractional interests;
- (g) details of any condition which must be satisfied or government approval which must be secured to enable payment or distribution; and in
- (h) the case of stock or reverse split in addition to the aforementioned information.
- (i) the name and address of the transfer or exchange agent

or

- (2) The Commission, upon written request or upon its own motion, exempts the issuer from compliance with subparagraph (b)(1) of this rule either unconditionally or on specified terms or conditions, as not constituting a manipulative or deceptive device or contrivance comprehended within the purpose of this rule or;
- (3) given in accordance with procedures of the national securities exchange or exchanges upon which a security of such issuer is registered pursuant to Section 12 of the Act which contain requirements substantially comparable to those set forth in subparagraph (b)(1) of this rule.

(c) The provisions of this rule shall not apply, however, to redeemable securities issued by open-end investment companies registered with the Commission under the Investment Company Act of 1940.