

MEMO# 7159

August 2, 1995

SEC PROPOSAL TO AMEND RULE 144 UNDER THE SECURITIES ACT OF 1933

August 2, 1995 TO: CLOSED-END FUND COMMITTEE No. 41-95 SEC RULES COMMITTEE No. 93-95 UNIT INVESTMENT TRUST COMMITTEE No. 62-95 RE: SEC PROPOSAL TO AMEND RULE 144 UNDER THE SECURITIES ACT OF 1933

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Securities and Exchange Commission recently issued the attached proposal to amend Rule 144 under the Securities Act of 1933, by shortening the holding periods for resales of "restricted" securities (generally securities issued in private placements). As you may know, Rule 144 imposes a holding period on restricted securities, by permitting resales of such securities, in limited amounts, only after they have been held for two years. After three years, any non-affiliate of the issuer may resell the securities without restriction. The Commission has proposed to reduce the holding period for limited resales from two years to one year, and the holding period for non-affiliate resales from three years to two years. In its proposing release, the Commission also requests comment on whether the holding periods should be tolled (or other changes to the rule adopted) if holders of restricted securities shift the economic risk of the securities, such as through the use of derivatives. Finally, the release clarifies the reporting requirements under Section 16 of the Securities Exchange Act of 1934 concerning securities transactions effected through equity swaps and similar strategies. The comment period on the proposal expires on September 8, 1995. Please contact me (at 202/326-5819) by Friday, August 18, 1995, if you have any comments on the proposal. Thomas M. Selman Associate Counsel Attachment