panies were located in New York, but increasingly, properties across the nation have been syndicated. A collateral aspect of this originally local character of syndication was the syndicators' extensive reliance on the intrastate offering exemption provided under the Securities Act of 1933, referred to above. The extensive reliance on this exemption has meant in turn that little information is readily available concerning many offerings made prior to New York State's 1960 enactment of a statute [235] requiring registration of real estate securities with its attorney general.

From the investor's viewpoint, the most significant change in the business of real estate syndication is in the type of property syndicated. Securities offered to the public in early years of syndication largely represented ownership of office buildings and apartment buildings. As the success of the early ventures generated more and more competition for properties available for syndication, syndicators turned from office buildings and residential properties to commercial and industrial properties, to hotels, motels, bowling alleys, shopping centers, and to properties not already constructed. Competition engendered by the success of such offerings has resulted in the prices of properties suitable for syndication becoming inflated. Thus, although the recent syndications are usually of more speculative nature, the average "rate of return" [236] held out to investors, on the basis of which the securities are sold, has declined from a range of 10 to 15 percent in earlier years, to 8 to 11 percent today.

In surveying the problems relating to the distribution of real estate securities, the study confined itself to a review of registration statements offering real estate equity securities which have been filed with the Commission, to a random examination of a limited number of prospectuses of offerings purportedly made under the intrastate exemption, and to interviews with various representatives of the industry; also, one industry witness was called to testify in public hearings. No attempt was made to undertake a quantitative or statistical study of this segment of the investment industry.

2. MARKETING OF SECURITIES ISSUED BY REAL ESTATE SYNDICATES

a. Formation of syndicates

The real estate securities business has developed an idiom of its own. Because of features distinguishing this business from other segments of the securities industry, terms general in lay usage or special usage in the securities industry, here take on yet different meanings. An understanding of the securities in this market place requires definitions of its terms.

The "syndicator," in more normal parlance, is the promoter. The syndicator first finds the property which he intends to syndicate ("the syndicate property"), and enters into a purchase contract with the owners. The purchase contract generally provides for a deposit, which

[235] New York General Business Law, secs. 352–e to 352–j.

[236] Throughout this discussion of real estate syndication, this report uses the phrases "rate of return" or "return" in the sense common to the syndication business, and not, as is usual with respect to securities, to refer to interest and dividends. It refers to the amounts distributed to the investor which include a substantial element of return of capital, largely as a result of the tax laws, as explained below, section 3. It may be that many investors are misled by the term, which is used very widely in selling equities in syndication.

is advanced by the syndicator, and for a "closing date" or final purchase date, which may be several months from the date of execution of the purchase contract.

Then, to acquire title to the syndicate property, the syndicator organizes a business entity, the securities of which will be offered to the public. Historically, the most popular form of entity has been the "limited partnership," a hybrid entity permitted by the laws of New York State and many other States, under which management is supplied by a general partner or partners, with unlimited liability for the activities of the partnership, and capital is supplied by a number of limited partners, whose liability is limited to the amount of their capital contributions.[237] The general partners are usually the syndicators or, in the case of a corporate syndicator, the corporate officers, who customarily assign a major portion of their interest to the corporation. The limited partners are the investors who buy limited partnership interests,[238] or "units," customarily in denominations ranging from $1,000 to $10,000.[239]

The limited partner generally pays cash for his units. On the other hand, the general partner usually makes no cash contribution, but receives his partnership interest for undertaking the efforts and risks of syndication, including the advancing of the deposit under the purchase contract and the legal, printing, and sales costs of syndication, all of which are generally repaid to him when the offering is successful.

Whatever the form which an offering will take—a variable limited only by the ingenuity of the syndicators—it is not uncommon that the reward to the general partners for assuming such risks will be 15 percent of any profits of the partnership in excess of a stated return to investors. In addition, the emoluments flowing to the syndicators may take many other forms. For example, the syndicators usually realize a profit on assigning the purchase contract for the property to the partnership. As will be seen, they often share in sales commissions earned on the sale of limited partnership interests. Occasionally, they receive a brokerage commission from the seller on the sale of the property. The prevalance of attorneys in the syndication business gives rise to situations in which the syndicators charge legal fees, including annual retainers, for creating and representing the partnership. Moreover, the partnership arrangements for operating and managing the syndicate property may create a source of continuing income for the syndicator. The partnership may, for example, retain the syndicator to manage the property for a fee, or on the other hand, may lease the "operating interest" in the property to the syndicator under a long-term net lease, giving him the opportunity to negotiate more favorable subleases which may include such provisions as percentage rentals based on either net sales or profit participations. Finally, the general partners may reserve to themselves a disproportionate share of profits realized on sale of the syndicate property, or of the proceeds of refinancing.

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[237] New York Partnership Law, secs. 90–119; Uniform Limited Partnership Act, secs. 1–30.

[238] Limited partnership interests are "securities" within the meaning of sec. 2(1) of the Securities Act of 1933.

[239] Units as small as $100 have been offered by SIRE Plan, Inc., a New York syndicator and underwriter. In February 1963, ch. X proceedings were filed with respect to SIRE Plan and various subsidiaries.

b. Selling practices

When the syndicate entity has been organized, its capital must be raised by selling its securities to the public. Historically this function was performed by the syndicator, who employed his own retail salesmen, but with the expansion of the syndication business a new type of underwriting or selling organization sprang up.[240] An underwriter of real estate securities functions in a manner vastly different from underwriters of most other securities. The usual real estate underwriter operates only on a best-efforts basis and as agent for the syndicator, buying no securities as principal nor assuming any risk of underwriting. Its retail sales staff usually consists of a small number of full-time salesmen and a larger number of part-time salesmen. The underwriters earn sales commissions generally ranging from 8 to 10 percent of the offering price, of which the individual salesman generally receives one-half. While a number of underwriters are registered with the Commission as broker-dealers pursuant to the Securities Exchange Act of 1934, some have refrained from such registration, presumably on the grounds that they are engaged exclusively in an intrastate business. Few, if any, of the underwriters offering limited partnership interests have become members of the National Association of Securities Dealers, so that there are no qualification tests of the persons they employ to sell such securities, and the salesmen are not subject to the NASD rules of fair practice. The salesmen have extremely varied backgrounds. Those engaged in part-time selling for the underwriters include a fairly high proportion of persons who might be expected to have some knowledge of real estate and finance, such as lawyers, accountants, real estate brokers, and salesmen of insurance or of other types of securities. They also include a group of persons apparently with no suitable backgrounds, such as untrained housewives, poultry workers, butchers, truckdrivers, and truckdrivers' helpers. No legal requirement exists for the training of such salesmen, and apparently such training, if any, as they receive is nominal. For example, the training course given to the more than 100 salesmen of Nat Berger Associates, an extremely active underwriter of limited partnership interests, consists of a 1-week course given 2 hours a day, or a total of 8 to 10 hours.

The selling of syndicate securities to the public is initiated largely through a widespread mail distribution of the syndicate prospectus to prior customers and names obtained from purchased lists, after the prospectus has become effective if registered with the Commission, or following clearance by the New York State attorney general's office or some other State regulatory body. Copies of the prospectus are also offered by newspaper and radio advertisements. The prospectus distribution is then followed up by extensive telephoning. Because of the preponderance of part-time salesmen, the telephoning is done mostly outside the offices of the underwriter and syndicator and beyond the range of any effective supervision.

c. Intrastate offerings

The extent to which the selling of these securities has been made via the channels of interstate commerce is a matter of some debate,

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[240] On occasion, the real estate selling organization is referred to as "the distributor." The only apparent distinctions between an "underwriter" and a "distributor" are that the former generally sells a larger proportion of the total offering, and has his name on the prospectus.

which the study has not been able to resolve satisfactorily. Certainly a large number of offerings have been effected as "intrastate" offerings purporting to be exempt from registration with the Commission under section 3(a) (11) of the Securities Act of 1933. A very substantial number of these intrastate offerings were made in New York State, the capital of the syndication business. It is impossible to estimate the quantity of the securities sold through intrastate offerings prior to January 1, 1961, the effective date of New York's law regulating real estate syndication,[241] but in the first 30 days following that date there was an aggregate of over $150 million of syndicate interests filed with the New York attorney general's office, of which a very substantial part was "offered to bona fide residents of the State of New York only."

The exemption from registration with the Commission of intrastate offerings is available only if the offering is limited to residents of the State where the syndicate is organized and where its principal property is located.[242]

Responsible syndicators and underwriters apparently have taken appropriate precautions to see that their intrastate offerings are actually intrastate. Such precautions include a careful review of all subscription agreements to assure that all subscribers have New York residence addresses, securing statements of residence from such subscribers, and a spot check of telephone calls by salesmen to determine whether investors are actually residents of New York State. However, not all syndicators and underwriters are so diligent. In the initial distribution of prospectuses which purport to make offerings only to residents of New York State, copies of prospectuses have been repeatedly sent to residence addresses in Connecticut and New Jersey. An examination of limited-partnership certificates of real estate syndicates filed with the New York county clerk's office in 1958 disclosed that of 59 such syndicates, 20 included partners who appeared on the face of the partnership certificates not to be residents of New York State; 11 of these, however, may have been relying on the "private offering" exemption of section 4(1) of the Securities Act.[243] No more than 8 of the 20 had filed registration statements with the Commission. In other proposed offerings purporting to rely on the intrastate exemption, New York limited partnerships have been used in connection with out-of-State properties. In short, it is clear that there have been violations of the intrastate offering exemption but their extent cannot be estimated. One expert claims that in the New York metropolitan area, sales are made to Connecticut and New Jersey residents as a matter of course, but another maintains that the risk of civil liability to a syndicator for abusing the exemption is enough to keep the problem minimal.

3. TAX ASPECTS OF SYNDICATIONS AND THE NEW FORMS OF SECURITIES

Those familiar with the real estate syndication business tend to agree that the purchaser of real estate syndicate interests is a breed apart

[241] New York General Business Law, secs. 352-e to 352-j.

[242] Securities Act of 1933, sec. 3(a)(11); Opinion General Counsel, Securities Act of 1933 release No. 1459 (May 29, 1937); Securities Act of 1933 release No. 4434 (Dec. 6, 1961).

See discussion of intrastate exemption in pt. d, above.

[243] Berger, "Real Estate Syndication: Property, Promotion, and the Need for Protection," 69 Yale L. J. 725; 766, note 173; 768, note 179 (1960).

from the "average" investor in general securities, but there is a divergence of views as to his degree of sophistication. In any event, investors buy real estate securities relying to a large degree on the appeal of two interrelated promises: "anticipated cash-flow distributions," and "tax shelter." Each involves rather technical tax concepts which should be clearly understood by the real estate security buyer, but often are not.

When the syndicator refers to "earnings" from the syndicated property, he usually means a "cash flow" available for distribution to the investors. The cash flow is that amount by which the gross revenues from the property exceed (a) expenses of operating the property, plus (b) amortization payments required under mortgages on the property.[244] Cash flow is not the same amount as the taxable net income from the property, because of the depreciation deduction: The Internal Revenue Code permits the owner of improved real property, in computing his income tax, to deduct from his income derived from such property a reasonable allowance for depreciation of improvements thereon.[245] Further, it permits, under regulations promulgated by the Treasury, the use of accelerated depreciation, a method of computing depreciation which allows deduction at a higher rate in the earlier years of ownership.[246] Depreciation computed by accelerated methods may be deducted in determining Federal income taxes. In the early years, deductions for accelerated depreciation exceed straight-line depreciation deductions, which are equal amounts in each year over the life of the property. Accelerated depreciation deductions may not exceed twice the amount of depreciation which could be deducted on a straight-line basis. Of course, the accelerated methods produce smaller deductions in later years than the straight-line method.[247] If the accelerated-depreciation deduction is used, and if the taxable income from a property (its gross revenues minus the sum of (a) its expenses, and (b) its depreciation deduction) is less than its cash flow (gross revenues minus the sum of (a) expenses and (b) mortgage-amortization payments), then that excess of cash flow over taxable income is

[244] For the purposes of the registration statement, the Commission permits such projections only when based on historical operating figures.
[245] IRC 1954, sec. 167(a).
[246] IRC 1954, sec. 167(b).
[247] The following table shows a comparison of annual and cumulative deductions under straight-line depreciation and two methods of accelerated depreciation. The basis for the table is an asset costing $100,000 having an estimated useful life of 10 years and a negligible salvage value. (Under the 200 percent declining-balance method, at the end of the 10th year the balance may be written off as a loss if the asset is abandoned. As an alternative the taxpayer may change to the straight-line method at any year to provide for amortization of the remaining balance.)

	Straight-line 10 percent		200-percent declining-balance 20 percent		Sum-of-the-digits	
	Annual charge	Cumulative	Annual charge	Cumulative	Annual charge	Cumulative
1 year	$10,000	$10,000	$20,000	$20,000	$18,182	$18,182
2 years	10,000	20,000	16,000	36,000	16,364	34,546
3 years	10,000	30,000	12,800	48,800	14,545	49,091
4 years	10,000	40,000	10,240	59,040	12,727	61,818
5 years	10,000	50,000	8,192	67,232	10,909	72,727
6 years	10,000	60,000	6,554	73,786	9,091	81,818
7 years	10,000	70,000	5,243	79,029	7,273	89,091
8 years	10,000	80,000	4,194	83,223	5,455	95,546
9 years	10,000	90,000	3,355	86,578	3,636	98,182
10 years	10,000	100,000	2,684	89,262	1,818	100,000

available for distribution on a "tax-free" basis. In short, the excess of the depreciation deduction over required amortization payments is described as the "tax shelter." The investor receiving a distribution treats the "tax-sheltered" amount, for tax purposes, as a return of capital, which reduces the "basis" or cost of his investment, and is not subject to income tax until the cost of the investment has been recovered.

Accordingly, the use of accelerated depreciation permits a syndicate to have a substantial portion of its cash-flow distributions in its early years fall under the "tax shelter," presenting to a potential investor the substantial lure of, perhaps, a 10 percent or greater return on his investment; of that return, as much as 50 or 60 percent may be promised as "tax free." Unfortunately, as the accelerated depreciation deductions decline, so does the "tax shelter." Ultimately, distributions become totally taxable. Indeed it is possible for the taxable income to exceed the cash flow available for distributions, so that unless there is a refinancing or the property is sold, an investor might find himself called upon to pay tax on more income than the cash distribution received.

An essential element of the 10 percent or greater return to the investor in real estate securities has been the absence of a Federal corporate income tax upon the syndicate business entity. In fact, it was to avoid the corporate tax that the limited partnership form was first chosen as the business entity: under the Federal tax laws, the profits of a partnership are not subject to a corporate income tax and are not taxed to the partnership itself, each partner taking into account separately his distributive share of the partnership's income, deductions, and other items.[248] But in the last few years, what might be called the "cash-flow corporation" and the real estate investment trust have emerged. The cash-flow corporations, like the limited partnerships, are based upon the assumption that their properties will generate sufficient tax deductions through accelerated depreciation to offset all or a major portion of corporate income in early years, so that cash distributions to investors constitute in large part a return of capital to them, as is the case with the limited partnership. The growth of real estate investment trusts, on the other hand, was made possible by the Real Estate Investment Trust Act of 1960[249] and reflects the deliberate intent of Congress to encourage public investment in real estate securities by eliminating the corporate income tax on qualifying real estate ventures by granting conduit tax treatment for the revenues of these organizations.

The cash-flow real estate corporation and the real estate investment trust have added a new dimension to the real estate securities market. While limited partnership interests are generally transferable (usually subject to the consent of the general partners), as a rule there is no market for such interests after their original distribution. An investor who wishes to dispose of a limited partnership interest occasionally may do so through the original syndicator or underwriter, who will act as his agent in placing the interest for a brokerage commission, but there is no general over-the-counter trading in such interests. Indeed, the tax complexities involved in such interests make valuation

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[248] IRC 1954, secs. 701 and 702.
[249] See note 234 above.

for trading purposes highly difficult, since the extent of the "tax shelter" constantly changes with amortization payments and depreciation deductions. With the securities of the cash-flow corporations, however, the picture is different. Such securities are regularly traded in the over-the-counter market, and stock of five such companies has been listed on the American Stock Exchange.[250] Trading in these securities has shown a tendency to follow regular market patterns: the prices of new issues generally have risen above their initial offering prices, and fell during the 1962 market decline. Similarly, while a delay in the adoption of Treasury Regulations governing real estate investment trusts undoubtedly inhibited the early flourishing of sales of their securities,[251] the statutory requirement of transferable interests [252] and the sponsorship of some newly registered trusts by regular underwriting firms presage active after-market trading in their securities too.[253]

Real estate cash-flow corporations have generally evolved from limited partnerships, whose investors exchanged their limited partnership interests for stock of the new real estate corporations. The corporations, in turn, have either simultaneously or subsequently (or both) made additional public offerings of their stock for cash, at prices ranging from $5 to $12 per share.[254] In moving to the corporate form, however, the syndicators have held on to some of the patterns which were established through the partnerships, including retention of absolute management control and other promoter benefits. Much of this is accomplished by a classification of corporate shares into class A stock and class B stock, with the class A issued to public investors (for outstanding limited partnership interests and/or cash) and class B issued to the promoters or syndicators for nominal cash investment.[255] While the class A stock is usually entitled to priority in distributions before any can be made to holders of class B shares, the class B shareholders are given the right to elect two-thirds of the board of directors (thereby controlling the corporation's business policies), to convert class B shares into class A shares (at stated times and after maintaining stated distribution schedules, and at ratios which may be dilutionary in effect), and to purchase additional shares of class B stock in the event of an additional public offering of class A shares (a common antidilution clause which in these cases can work in reverse, since the class B shares can be issued at their nominal par value, which may be considerably below the public offering price of the class A shares).[256]

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[250] The Kratter Corp., Real Properties Corp. of America, Kavanau Corp., Realty Equities Corp. of New York, and Presidential Realty Corp.

[251] While the Real Estate Investment Trust Act of 1960 became effective on Jan. 1, 1961, Treasury Regulations were not published until Apr. 25, 1962 (Treas. Reg. secs. 1.856–1.858).

[252] IRC 1954, sec. 856(a)(2).

[253] The Commission has proposed that a real estate investment trust may not provide day-to-day valuation of its property or support a continuing redemption policy, so that the development of "open end" trusts similar to open end investment companies may not be possible; proposed rule 10(b)(10), Securities Exchange Act release No. 6874 (Aug. 13, 1962).

[254] Round-lot units of 100 shares, therefore, have been offered at $500 to $1,200, compared with original offering prices of $1,000 to $10,000 for most syndication units. See subsec. 2.a above.

[255] For a comparison of certain rights of class A and B stock in 15 representative real estate corporations, see table IV–37.

[256] For example, the prospectus of the First Republic Corp. of America, dated March 27, 1962, states that the holders of certain class B shares have the right to purchase class B shares at the price of $0.50 a share at the rate of one class B share for each 5 class A shares issued by the company. Market quotations for class A shares then exceeded $15 a share. The class B shares became convertible into class A shares on a share-for-share basis 4 years after issue upon the condition that cash distributions on class A shares in certain amounts had been made. The current amounts of distributions on class A shares substantially exceeded the amount specified in the condition precedent for conversion.

As noted, real estate corporations generally have resulted from the amalgamation of several previous syndicates, each with its own syndicated property, and they have acquired additional properties with the cash proceeds of public offerings of their stock, or by issuance of shares in exchange for property. The need of substantial depreciation deductions in order to avoid the impact of the corporate income tax gives added impetus to the real estate acquisition programs of these companies, which can be financed only through a turnover of properties already owned, or additional public offerings. It must be clear that the purchaser of such stock should view his purchase as investment in diversified real estate holdings and real estate management, and not as an investment in a particular building or property.

It is too early fully to judge the impact of real estate investment trusts on the real estate security market, but there are experts who believe that they may have a revolutionary effect on the real estate business as a whole. Their popularity was attested to by the public sales of an aggregate of $250 million of securities of 22 different trusts even before final Treasury Regulations had been issued. Since the trusts are children of a tax statute, it is safe to predict that their form will follow the requirements of that statute.[257]

They must be unincorporated trusts or associations which are not dealers in property, managed by one or more trustees, and owned by 100 or more persons holding transferable shares or certificates of interest. Ninety percent of their income must derive from such sources as dividends, interest, rents and gain from the sale of securities or interests in real property; 75 percent must derive from rents, mortgage interest, proceeds of sale of real property, and dividends from, or gain from the sale of, interests in other real estate investment trusts. Less than 30 percent of their gross income can come from the sale of securities held less than 6 months or real property held less than 4 years. Of the value of their assets at the end of each quarter, 75 percent must be represented by real estate holdings, Government securities or cash; further limitations apply to holdings of nongovernmental securities.

Whatever the eventual revolutionary implications of the real estate investment trusts for the real estate world, their actual operations have apparently begun slowly. To some extent the slow start may reflect the lapse of time before Treasury Regulations became effective; to some extent, however, it may reflect an inflated level of the real estate market, which has resulted from syndicators' competition for properties. Of the funds raised through public offerings of trust securities before the Treasury Regulations became effective, nearly half were not committed to any particular properties when the registration statements became effective. A number of the offerings were of the "blank check" variety, with the entire proceeds to be applied to the purchase of properties not yet selected on the effective date. One such case, the Greenfield Real Estate Investment Trust, a $10 million trust which took nearly a year to make its first $300,000 acquisition, found it necessary in April 1962, to advise its shareholders in its annual report:

Sound investments in today's real estate market have not been easily found. In the opinion of the trustees the real estate market has, in recent months, been

[257] IRC 1954, sec. 856.

tighter than at any time since the speculative period of the 1920's. It is believed that most income producing real estate has been trading at greatly inflated prices.

4. ADEQUACY OF EXISTING CONTROLS IN RELATION TO CURRENT PROBLEMS OF THE REAL ESTATE SECURITIES FIELD

a. Existing controls

Although real estate syndication has its unique aspects distinguishing it from other segments of the securities industry, generally it has not been separately covered in the framework of regulation and control of the securities industry. Real estate offerings in the stream of interstate commerce are subject to the general disclosure requirements and fraud provisions of the Federal securities laws, as well as State blue sky requirements. Persons engaged in the sale of syndication interests, other than those engaged exclusively in intrastate dealings, are also subject to the broker-dealer registration requirements of the Federal laws.[258] But the specific tailoring of the securities laws and regulations to the special conditions affecting real estate securities has been limited to a few States, such as New York and California, which have adopted special statutes requiring the registration of real estate securities offered in those States,[259] and to the Commission's adoption of a special form of registration statement for certain real estate companies, and of rules requiring quarterly reporting by certain real estate companies of their sources of distributions on form 7–K.[260]

As for self-regulatory controls, they are largely absent. Except for those engaged in the sale of stock of real estate investment companies, few syndicators, underwriters, or their salesmen, are subject to the jurisdiction of the NASD. One industry organization, the Association of Real Estate Syndicators, has been established for the purpose, among others, of maintaining "high standards of ethics, business practices and fair-dealing for the mutual benefit of investors, syndicators and the public," and has adopted a code of ethics, disciplinary procedures and a mechanism for the regulation of the sales literature used by its members. The National Association of Real Estate Investment Funds has stated that it was formed for the purpose, among others, of safeguarding the investing public. Its members include real estate investment trusts which were in existence prior to the passage of the Real Estate Investment Trust Act, and certain trusts established since that time. This association also has adopted a code of ethics. It does not appear, however, that either association has the legal or economic power to impose its standards upon the real estate securities industry as a whole.

b. Problems of the real estate securities field

The study's limited review of the real estate securities market reveals several problem areas, and it is appropriate to discuss them and the adequacy of the existing regulatory structure to deal with them.

[258] Securities Exchange Act of 1934, sec. 15(a).
[259] New York General Business Law, secs. 352–e to 352–j; California Corporation Code, secs. 23000 to 23003.
[260] Rules 13a–15 and 15d–15, Securities Act of 1933 release No. 4499 (June 12, 1962); Securities Exchange Act of 1934 release No. 6820 (June 12, 1962).

(1) *Protection of investors from speculative offerings*

To a large extent the problems which concern responsible persons, both inside and outside the industry, relate to the soundness of the investments currently offered. A widespread view exists that competition among syndicators has inflated real estate prices far above true values, with the result that prime commercial and residential properties which can legitimately provide the 10 percent or higher return that investors have come to expect are few and far between. As a result, some promoters have turned to properties of less than prime grade, while others have turned the real estate syndication process into a device for financing construction or operation of a business, such as a motel or bowling alley, and there are indications of promoters' looking abroad for properties to syndicate here. In all such situations the investor's risks are substantially increased. In constructing new properties, estimates of construction costs may fall far short of requirements. In operating situations, gross revenues from day-to-day operations may be far less stable than anticipated rentals under long-term leases of prime commercial or residential properties. Foreign properities introduce complications of foreign law and currency restrictions, among many others. The risk involved is highlighted by a number of syndications which in 1962 ceased to make the distributions anticipated when their securities were offered. Although it has become customary for the syndicate to require guarantees of completion where syndications are made of property to be constructed, it appears that collection of the guarantee is not always a matter of course.

Another problem relating to the soundness of the securities offered is the nature and extent of the promoters' interests. The fairly common partnership provision reserving to the syndicator the proceeds of mortgage refinancing or of sale, for example, is particularly deplored by some industry leaders, who believe that it occurs only because investors are all too willing to exchange future benefits for present promises of distributions. Others regret the dilutionary effect of the conversion privilege built into the class B stock issued to promoters in the exchange of limited partnership interests for stock of real estate investment corporations.

An outstanding feature of the brief history of the real estate corporations has been the frequency with which the corporations entered into transactions in which the promoters and controlling persons of the corporation had an interest of considerable magnitude. In some instances, the principal executives of the company are not permitted to engage in real estate ventures except on behalf of the corporation. In many others the principal executives are permitted to engage in such ventures, including ventures in competition with the company, sometimes subject to the requirement that before such venture is undertaken the company shall have a right of first refusal. In one instance a company entered into a transaction for acquisition of property from its controlling persons within 3 months after it had announced in its prospectus that it had no intention of making an acquisition from such persons.

Some critics of the industry, indeed, view the very existence of real estate corporations with a jaundiced eye. These corporations largely represent, they say, an effort by syndicate promoters to balance their "sick" syndications with "healthy" ones, but result in a dangerous need for new sources of depreciation in order to continue the distributions promised to investors when the corporate securities are sold and traded. The pressure for such new depreciation, in turn, may lead management to the purchase of properties at artificial prices, or the construction of new properties which are economically unsound. The failure to create such new depreciation, or the realization of capital gains on the sale of properties which for depreciation purposes have become too expensive for continued holding, will result in the imposition of corporate tax liability curtailing or extinguishing the investor's return.

Whether an offering is made pursuant to a registration statement and prospectus or (for offerings of $300,000 or less) a notification and offering circular under regulation A, the Commission has the effective power to require disclosure of all information necessary to make the statements "in the light of the circumstances under which they are made, not misleading."[261] In the administration of this power the Commission has taken the position that adequate disclosure of certain elements of risk or overreaching requires the most prominent disclosure in a prospectus.

This is not to say that there is no room for improvement. The impact of the vanishing tax shelter might be brought out with greater clarity in prospectuses. Some industry members question whether the sources of "cash flow" are disclosed with sufficient particularity, and whether the distinction between real depreciation, as opposed to tax depreciation, is made sufficiently clear. The National Association of Real Estate Boards has taken the position that disclosure is inadequate for the protection of investors in real estate investment trusts and syndicates, and has called upon Congress to enact legislation authorizing their regulation by the Commission in a manner comparable to the present regulation of investment companies.

The Federal disclosure requirements, of course, are limited to securities offered to the public in interstate commerce, and it has been a historical peculiarity of the real estate syndication business that a large proportion of the public offerings are made under a claim of the exemption from Federal registration provided by section 3(a)(11) of the Securities Act of 1933. We have noted before in this section that there is reason to doubt whether all offerings purporting to be exempt have in fact been entitled to the exemption. Since there is at the present time no requirement that a syndicator claiming the exemption file a notice of such claim with the Commission,[262] there is no quantitative basis for estimating the extent to which members of the investing public are unprotected by the Federal disclosure requirements. To a large extent, however, the danger to the investing public of nondisclosure in intrastate real estate offerings has diminished in recent years. New York, recognizing the burden which accompanies its preeminence in the real estate syndication business, has adopted a law covering real estate offerings made there, which contains registration and disclosure requirements generally similar to the Federal laws.[263] In the administration of this law the office of the attorney

[261] Regulation A, rule 261(a)(2), and regulation C, rule 408.
[262] See recommendation concerning filing of claim of intrastate exemption in pt. D, above.
[263] New York General Business Law, secs. 352–e to 352–j.

general of New York goes far to highlight disclosure of speculative elements of the offering. For example, it required that the cover of a February 1962, motel syndicate prospectus bear the following large block print legend: "These Securities Involve an Unusually High Degree of Risk." Intrastate offerings in States other than New York will also be subject to the varying disclosure, fraud, and registration provisions of the blue-sky statutes of the State of offering, although the study is not aware that the statutes or regulations of States other than New York and California have been specifically directed to real estate offerings.

(2) *Protection of investors from improper sales practices*

No amount of disclosure in a prospectus can be effective to protect investors unless the securities are sold by a salesman who understands and appreciates both the nature of the securities he sells and his responsibilities to the investor to whom he sells. The salesman of real estate securities is purveying a commodity more intricate than most securities. Even a sophisticated investor may have difficulty in evaluating the tax aspects of an offering, or the factors of risk and promoters' benefits, and the best investment analysts and counselors have little if any expertise in the real estate securities field. The likelihood of irresponsible sales techniques is increased by the fact that much of the selling takes place outside the office of the selling organization and therefore beyond the range of effective supervision. One would hope for at least as high a degree of competence and responsibility in the sellers as is required for sellers of other securities; unfortunately, the existing regulatory structure does not assure this. On the contrary, the syndicate selling organizations (but not the sellers of the stock of real estate investment corporations and units of real estate investment trusts) are for the most part not even members of the NASD, and their salesmen are therefore not subject even to the modest examination requirements of that organization. In any event, that examination does not test a salesman on his knowledge of the intricacies of real estate securities. There is substantial evidence that many unqualified persons engage in selling real estate securities. In the discussion of qualifications for entry into the securities business [264] the conclusion has already been indicated that salesmen of real estate securities should be within the licensing requirements there outlined, and that the suggested testing requirements take account of the special attributes of real estate securities.

The extensive use of part-time salesmen who are also lawyers or accountants presents a special problem, as they shift to the role of salesmen and a client shifts to the role of customer. There is at least some cause for concern about abuse of the original relationship of confidence, and for the fear that in this investment transaction the salesman will not reveal to his customer that he is acting as agent for the seller rather than for the customer. In this connection, the Department of Law of New York State requires the disclosure of the name of each attorney paid a commission, on the copy of the subscription agreement which is returned to the investor as his receipt. If real estate securities salesmen were subject to the jurisdiction of the NASD,[265]

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[264] Ch. II, above.
[265] See chs. II and III.

it would seem highly desirable to codify such a disclosure requirement as a "rule of fair practice."

(3) *Distribution policies*

Of increasing concern to the public in 1962 was the problem of the cash distribution policies of cash-flow real estate corporations, since their distributions were frequently made from sources other than normal cash flow, although the recipients might have believed the distributions represented dividends or distributions from the usual cash-flow sources. In June 1962, the Commission promulgated rules 13a–15 and 15d–15,[266] requiring quarterly reports with respect to the sources and amounts of distributions made to shareholders by certain real estate companies.

From observation of the market performance of such companies during 1961 and 1962 it appears that the market quotations for shares on which distributions are being paid are largely responsive to changes in the amount of such distributions. For example, over-the-counter market quotations for class A shares of the Futterman Corp. declined about 40 percent upon the reduction in the amount of monthly cash distributions from 8 cents a share to 5 cents. Market quotations for the class A shares of the Kratter Corp. showed substantial increases with the increases in the amounts of monthly cash distributions from 7 cents a share to 14 cents.

In 1962, several instances came to the attention of the Commission of distributions made at levels above those which would have prevailed if the companies had limited their distributions to "cash flow," as defined by their stated policies regarding distributions.

For example, the Futterman Corp. computed the amount available for distributions in 1960 at $932,000, as compared with distributions of $1,520,000. In 1961 the amount available was $1,283,000; distributions totaled $2,840,000. Two statements of the company gave reasons for distributions in excess of the amounts which would have been indicated by the company's announced policy with respect to distributions. One was that the company had found it possible to acquire properties and businesses for a consideration payable in part in shares of the class on which cash distributions were being paid. The other was that a certain level of distributions was a condition upon the convertibility of certain securities owned by the controlling persons.

A somewhat similar situation existed with respect to Glickman Corp., which received considerable attention in the public press late in 1962, as a result of the financial reversals of its then president, Louis J. Glickman, and of stop-order proceedings instituted by the Commission. For its fiscal quarters ended June 30, 1962, and September 30, 1962, Glickman Corp. generated cash from its operations of $400,000 and $643,000, respectively, but made cash distributions of $1,415,000 and $1,410,000 for the two periods. The company stated that it had not precisely calculated the amounts of cash generated and cash distributed since it commenced business activities as of November 1, 1960, but estimated that such cash flow generated from said date to October 31, 1962, was adequate to cover the cash distributions to such latter date. However, on September 26, 1962, the company

[266] See note 260, above.

authorized distributions for the months of November and December 1962, and January 1963, in contemplation of a profit from the proposed syndication of one of its newer properties. Without the realization of such profit, the cash flow generated from operations of its properties, from net profits from the sales or syndications of other properties and from profits from other transactions would not equal the amount of the cash distributions. The proposed syndication of the property was subsequently abandoned, with the result that the total cash distributions to shareholders and minority interests for the period from November 1962 to and including the January 1963 distribution exceeded the amount of cash generated for such months.

In February and March 1963, several real estate corporations announced changes in their cash distribution procedures. Instead of declaring monthly distributions before the month's operating results are available, they announced they would make quarterly payouts after the quarter's results had become known.

(4) *The investor's need for continuing information*

Another problem related to the peculiarities of the real estate securities market, but not limited to it, involves the nature of the information subsequently supplied by issuers to investors.[267] Issuers of real estate securities seem to share a general reluctance to send regular reports to their security holders with information adequate for an informed appraisal of the issuer's operations, including its distribution policy, although they may be required to submit an annual balance sheet and profit and loss statement of income to each participant.[268] The difficulty in obtaining adequate information is here compounded in the case of properties held subject to net leases, where performance can be properly evaluated only in the light of the performance of the underlying operating lessees. The statutory authority limits the application of the reporting rules to companies registered on national securities exchanges and to companies filing registration statements whose public offering and value of all other outstanding shares of the same class exceed $2 million at the time of the offering.[269] A vast number of holders of real estate securities gain no protection from these rules, since only five such companies are listed and a great number are financed for less than $2 million. Also, there is considerable reason to doubt that information filed with the Commission will necessarily reach investors, even when, as as least one report on form 7–K has indicated, the company had no earnings out of which to make the distributions it was paying. Holders of real estate securities rank high among those in need of protection that can be provided by legislation extending certain reporting provisions of the Exchange Act, as discussed in chapter IX below.

5. SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

The recent spectacular expansion of public participation in real estate securities has created new problems and intensified existing ones. The principal problems relate to the speculative nature of some of the real estate securities being offered the public, the extent of compen-

[267] See ch. IX, below, for further discussion of continuing disclosure by issuers.
[268] See, e.g., New York General Business Law, sec. 352–e.1(b).
[269] Secs. 13(a) and 15(d) of the Exchange Act.

sation and other direct and indirect benefits reserved to the promoters of such securities, and the manner in which such securities are sold to the public.

Further study is necessary to determine whether the Commission's power to compel disclosure is adequate to deal with the problems presented by speculative offerings, promoters' benefits, insider transactions and cash flow distributions. The complexity of the problems as well as the specialized use of familiar terms and the high degree of risk of some of the offerings, all make disclosure especially important both in the original offering to prospective purchasers and, on a continuing basis, to the owners of the securities.

At least as much as in other parts of the securities industry, selling practices need improvement. The absence of an effective self-regulatory securities association with jurisdiction over the industry and the lack of adequate qualifications, training and supervision of many of the salesmen engaged in the business are matters of concern.

A special problem relating to real estate securities involves the extensive reliance by their offerors on the intrastate exemption from Federal registration. For further discussion of this subject, see part D above.

The Special Study concludes and recommends that:

1. The Commission should propose to the Congress that section 15A of the Exchange Act be amended to provide that all distributors of and dealers in real estate securities in interstate commerce shall be required to be members of a registered securities association having such rules relating to the business in real estate securities carried on by its members as shall appear to the Commission to be necessary or appropriate in the public interest or for the protection of investors. Also, all individuals engaged in selling or distributing real estate securities should be subject to the registration requirements recommended generally in chapter II for persons engaged in selling or distributing securities.

2. The Commission should further study the problems of speculative offerings, promoters' benefits, insider transactions, distributions, and the information furnished to security holders, and the adequacy of its power to deal with such problems.

F. Integration With Previous Filings

Full disclosure has always been a major purpose of the Federal securities laws. Federal regulation based on this principle is designed to assure ample and reliable data for decisionmaking by investors and the financial community, as distinguished from the Federal Government's assuming the more paternalistic role of passing on the merits of securities.[270] Disclosure requirements have taken two basic forms, those that call for actual transmission of information to investors and those that contemplate mere filing and availability for public examination. The former category consists primarily of prospectuses and proxy statements, the latter includes various annual, periodic, and current reports.

Some of the present disclosure requirements arise under the Securities Act, in connection with new offerings, and others under the

[270] See the discussion in pt. B.4 of this chapter.

Exchange Act, in connection with certain securities already outstanding. In light of nearly 30 years of experience it appears to the study that in many situations the burdens of disclosure might be significantly lessened, with the benefits not diminished but actually enhanced, if disclosure requirements were more systematically integrated in the administration of the two statutes.

In general, the question of integration now arises where an issuer already subject to full reporting requirements proposes a new offering of its securities, or a controlling stockholder proposes a secondary offering of outstanding shares. Even though the reporting requirements have created a reservoir of filed information on the issuer, such offerings (with limited exceptions) are now treated exactly like any other public offering: i.e., a full registration statement must be prepared and a full prospectus transmitted to offerees.

This has led to certain apparent anomalies, one of which is that different disclosure requirements may apply to concurrent transactions in identical shares, depending upon whether or not they are part of a registered block. A purchaser of shares out of the registered block, for a period of 40 days after the offering begins, must be furnished a prospectus, but a purchaser of identical shares of outstanding (not presently registered) stock is presumed to be sufficiently protected by the reservoir, if any,[271] of filed material. In practice, the anomaly is usually dealt with either by delivering the prospectus to all purchasers of the identical shares during the 40-day period, or in the case of exchange transactions by relying on rule 153 under the Securities Act, which points up the apparent anomaly most specifically.

Rule 153 was designed to protect the underwriter, dealer, or selling broker who faces the practical problem of compliance with the prospectus delivery requirements in the sale of a registered security on an exchange.[272] Because of the mechanics of the exchange market, in which transactions are commingled for clearance purposes, the security sold in a particular transaction may be part of the registered block but the security delivered may be part of the class already outstanding, or vice versa. Rule 153 permits the prospectus delivery requirements to be satisfied by delivering a supply of prospectuses to the exchange on which the class of registered securities is being traded, but imposes no duty on anyone to accomplish actual delivery to any purchaser.[273] The end result of rule 153 is to require substantially all the burdens but not to accomplish the ultimate purpose of the prospectus requirement.

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[271] Under present rules and practices it is immaterial whether or not the issuer has provided a reservoir of information by filing annual and other reports; in either case, a prospectus is required for securities in the registered block but not for identical securities of the same class already outstanding. The program of integration suggested in the text would apply, of course, only to issuers for which there would be a reservoir of officially filed data as a result of the reporting requirements. See the recommendations in chapter IX.

[272] Sec. 5(b)(2) of the Securities Act provides:

"It shall be unlawful for any person, directly or indirectly * * * to carry or cause to be carried through the mails or in interstate commerce any such security [with respect to which a registration statement has been filed] for the purpose of sale or for delivery after sale, unless accompanied or preceded by a prospectus that meets the requirements of subsection (a) of section 10."

[273] The Commission, recognizing the inadequacies of rule 153, has in connection with registered distributions by numerous stockholders over an extended period of time required the selling stockholders to enter into agreements in which, among other things, they agree to furnish copies of the prospectus to their selling brokers for delivery to buying browers. See *Hazel Bishop, Inc.*, Securities Act release No. 4371 (June 7, 1961). However, these arrangements may not be completely satisfactory to insure delivery of the prospectus in exchange transactions since the buying broker is under no obligation to deliver the prospectus to his customer except in solicited transactions involving the registered security within a 40-day period from the commencement of the offering. See pt. B.3.d of this chapter.

An examination of the practices of broker-dealers with respect to actual delivery of prospectuses in a different type of situation reveals another anomaly. As described in the discussion of new issues,[274] the 40-day requirement for delivery of prospectuses would appear to be most carefully observed in connection with the underwriting of seasoned issues, if only because more such offerings are handled by experienced underwriters with established standards and procedures. Many of these, however, are the issues as to which there is most likely to be a reservoir of publicly available information because the issuer is subject to periodic reporting requirements. For the public investor in a new issue, where there is no reservoir of filed information, the requirements relating to the delivery of prospectuses are of particular importance not only to original distributees but to purchasers in the after-market, yet here the delivery requirements are least well observed.

In the discussion of new issues, the study has recommended both that the offering of "first" issues receive particular attention to insure compliance with existing prospectus delivery requirements, and that the 40-day requirement be extended to 90 days in the case of such issues. On the other hand, in the case of an issuer already subject to full disclosure provisions by reason of having a class of stock either registered for trading on an exchange or "OTC listed," [275] the reservoir of filed information should be more fully availed of and additional information in a prospectus should not have to be furnished to persons other than original distributees of the registered issue.

The filed annual and supplementary reports, together with the mailed proxy statements, should contain most of the information about an issuer and its securities that a full prospectus would provide. Experience since enactment of the Federal securities laws has demonstrated that filed material becomes an important reservoir of information which flows into the financial community and, at least to a considerable degree, through it to the investing public.[276] Where such a reservoir of information on an issuer is available, it would seem that purchasers of the issuer's new block of stock need this information as much as, but no more than, do persons concurrently purchasing already outstanding securities of the same issuer. They also need, of course, to be advised of important recent developments concerning the issuer and pertinent facts concerning the offering itself.[277]

It is believed that these results could be accomplished by amending the Commission's regulations under the Securities Act to permit use of a "short-form" registration statement and prospectus by any issuer already subject to the continuous reporting requirements of sections 13, 14, and 16 of the Exchange Act, by reason of having a class of stock registered on a national securities exchange or a class of "OTC listed"

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[274] See pt. B.3.d of this chapter.

[275] See ch. IX.B.6 for a discussion of the "OTC listed" designation. The term is suggested as a statutory designation for over-the-counter securities to which the continuing obligations of secs. 13, 14, and 16 of the Exchange Act will apply.

[276] Recommendations in ch. IX.B with respect to dissemination of filed information and in ch. III.C with respect to the use of such information by broker-dealers and investment advisers seek to insure the widest possible dissemination and use of filed information to best serve the purpose of disclosure.

[277] Recommendations in pt. C of this chapter with respect to unregistered distributions are aimed at providing certain basic data to investors about the distribution itself where registration is not required.

stock.[278] The detailed contents of such short forms must be left for future definition, but in general they should include, among other things, information about price and spread, the underwriting arrangements and the reasons for the offering, the company's capitalization, summary of earnings, financial statements and recent developments not previously reported, and a specific reference to previously filed material fulfilling other requirements of the appropriate registration form, with a representation and consent that such material be deemed part of the short-form registration statement and prospectus for all purposes of sections 11 and 12 of the Securities Act.

Under such a program the normal waiting period in connection with full registration could be substantially shortened in connection with short-form registrations because of their much more limited content. On the other hand, examining procedures now followed by the Commission staff in connection wth prospectuses and proxy statements should be made applicable, to the extent practicable, to annual and other reports, so that there will be the same thoroughness and promptness of review in the latter case as in the former. Indeed, the assumption of the entire program would necessarily be that the standard of care in preparing and reviewing reports would be generally as high as under the Securities Act.

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

The continuous reporting requirements of sections 13, 14, and 16 of the Exchange Act operate, or can and should be made to operate, to provide a reservoir of reliable, reasonably current, publicly available data about an issuer. Certain of the study's recommendations in chapter IX are aimed at assuring the sufficiency, reliability, and the widest possible dissemination of such data and recommendations in chapter III seek to insure its use by broker-dealers and investment advisers. As a general principle filed information, if prepared and reviewed with appropriate care, ought to have as much validity and utility in connection with sales and purchases amounting to a "distribution" as it has in connection with sales and purchases in the trading markets, subject to appropriate supplementation to cover recent developments and the distribution itself. In tandem with accomplishing other recommendations to strengthen Exchange Act reporting requirements and procedures, it should be possible to achieve closer integration of these with Securities Act registration requirements and procedures, with the aim of improving the total disclosure result and at the same time expediting and simplying the Securities Act registration process in appropriate cases.

The Special Study concludes and recommends:

On the assumption of and in harmony with the carrying out of recommendations in chapter IX for extending and strengthening Exchange Act reporting requirements and wider dissemination and use of filed reports, the Commission, in consultation with industry representatives, should seek to develop a program for closer integration of disclosure requirements of the Securities

[278] In this connection, under sec. 308 of the Trust Indenture Act, the Commission is authorized to permit incorporation by reference of information filed under the Exchange Act into registration statements filed under the Securities Act.

Act and the Exchange Act, a possible outline of which is as follows:

1. A registered public offering of securities of any issuer (with exceptions as may be provided under rules of the Commission) already subject to the continuous reporting requirements of sections 13, 14, and 16 of the Exchange Act, by reason of having a class of stock registered on a national securities exchange or a class of "OTC listed" stock (see ch. IX), should be permitted under a special "short-form" registration statement and prospectus. Such short-form registration statement or prospectus should be required to contain data concerning price and spread; underwriting arrangements; if a primary offering, the proposed use of proceeds, or if a secondary, the reasons for selling; capitalization; summary of earnings; recent developments in business and other material occurrences not previously reported; financial statements; and a specific reference to previously filed material fulfilling other requirements of the appropriate registration form, with a representation and consent that such material shall be deemed part of the present registration statement and prospectus for all purposes of sections 11 and 12 of the Securities Act.

2. To the extent, if any, that present reporting requirements (forms 8–K, 9–K, and 10–K) or proxy soliciting requirements may be inadequate to assure an adequate reservoir of reliable information on a current basis, these inadequacies should be appropriately corrected entirely apart from the present recommendations. Also, to the extent practicable, examining procedures now followed in connection with prospectuses and proxy statements should be made applicable to annual and other reports.

3. The waiting period between filing and effective date should be kept to a minimum for short-form filings. The 40-day period during which all dealers are required to deliver prospectuses should be eliminated in the case of short-form filings, without limiting the obligation of any dealer in respect of securities constituting some or all of an unsold allotment to or subscription by such dealer as a participant in the distribution.

TABLE IV-1.—*Corporate security offerings for account of issuer by type of security and registration status*

[Offerings for cash sale, 1940-61. Millions of dollars]

Year	All securities offerings [1]	Type of Security			Registration status		
		Bonds, notes, and debentures [2]	Preferred stock [2]	Common stock	Registered under Securities Act of 1933	Exempt under regulation A [3]	Private placements and other exempt offerings
1940	2, 677	2, 386	183	108	1, 589		1, 088
1941	2, 667	2, 390	167	110	1, 495		1, 172
1942	1, 062	917	112	34	599		464
1943	1, 170	990	124	56	663		506
1944	3, 202	2, 669	369	163	1, 785		1, 417
1945	6, 011	4, 855	758	397	3, 422	41	2, 548
1946	6, 900	4, 882	1, 127	891	4, 113	146	2, 641
1947	6, 577	5, 036	762	779	3, 880	138	2, 559
1948	7, 078	5, 973	492	614	3, 211	136	3, 732
1949	6, 052	4, 890	425	736	2, 949	108	2, 995
1950	6, 361	4, 920	631	811	2, 905	117	3, 339
1951	7, 741	5, 691	838	1, 212	3, 684	133	3, 924
1952	9, 534	7, 601	564	1, 369	4. 808	169	4, 557
1953	8, 898	7, 083	489	1, 326	5, 005	160	3, 733
1954	9, 516	7, 488	816	1, 213	4, 960	195	4, 362
1955	10, 240	7, 420	635	2, 185	5, 753	269	4, 218
1956	10, 939	8, 002	636	2, 301	6, 139	176	4, 624
1957	12, 884	9, 957	411	2, 516	8, 171	114	4, 598
1958	11, 558	9, 653	571	1, 334	7, 579	112	3, 867
1959	9, 748	7, 190	531	2, 027	5, 426	161	4, 161
1960	10, 154	8, 081	409	1, 664	6, 048	196	3, 910
1961	13, 147	9, 425	449	3, 273	7, 488	237	5, 423

[1] The totals in this table cover substantially all issues of corporate securities offered for cash sale in the United States for the account of issuers, in amounts over $100,000 and with terms to maturity of more than 1 year. Excluded are notes issued exclusively to commercial banks, intercorporate transactions, issues of investment companies, and offerings under employee-purchase plans. The figures include a small amount of unsold securities, chiefly nonunderwritten issues of small companies.

[2] Includes convertible issues.

[3] Includes only issues between $100,000 and $300,000 in size. Prior to May 1945 issues of this size were required to be registered and are included in the preceding column. In May 1945 regulation A was amended extending the exemption to issues $300,000 or less in size.

Table IV-2

STOCK OFFERINGS FOR ACCOUNT OF ISSUER BY INDUSTRY

Offerings for Cash Sale
1940-1961

(Millions of dollars)

Year	All Stock Offerings 1/	Manufacturing	Extractive	Commercial and Miscellaneous	Electric, Gas and Water	Transportation other than Railroad	Communication	Railroad	Financial and Real Estate 2/
1940	291		173			88		--	30
1941	277		229			36		--	12
1942	146		106			38		--	1
1943	180		148			18		--	13
1944	533		345			114		*	72
1945	1,156		855			154		1	146
1946	2,018		1,541			340		--	136
1947	1,541		943			467		--	130
1948	1,105	465		96	381	5	19	--	138
1949	1,161	235		51	706	3	46	--	120
1950	1,441	316		131	722	3	60	--	211
1951	2,050	830		148	725	2	99	5	240
1952	1,933	694		159	824	43	63	1	149
1953	1,815	250	105	47	1,089	33	88	--	201
1954	2,029	391	192	104	851	6	110	*	373
1955	2,820	951	217	104	829	38	145	6	531
1956	2,937	728	174	72	713	62	694	1	492
1957	2,927	1,376	85	78	804	29	140	--	415
1958	1,906	336	112	78	927	27	118	--	307
1959	2,558	554	75	290	990	42	104	--	504
1960	2,073	633	79	201	569	15	74	--	502
1961	3,722	741	96	292	692	20	1,128	--	752

* Less than $500,000.

1/ Prior to 1948 all electric, gas and water, communication, transportation other than railroad issues were grouped together under the heading "Public Utility." Similarly, manufacturing, extractive, commercial and miscellaneous issues were grouped together under the heading "Industrial and miscellaneous." From 1948 through 1952 issues of extractive companies were included in the category "Commercial and miscellaneous."

2/ Excludes investment companies.

TABLE IV-3.—*Registered stock offerings for account of others than issuer by industry of issuer*

[Offerings for cash sale, 1952–61. Millions of dollars]

Year	All stock offerings	Manufacturing	Extractive	Electric, gas, and water	Transportation other than railroad	Communication	Financial[1] and real estate	Commercial and miscellaneous
1952	198	138	1	34	18	----------	----------	6
1953	128	78	11	9	----------	3	23	3
1954	196	110	5	42	15	4	5	16
1955	271	147	4	56	2	3	41	18
1956	949	919	2	3	1	5	19	(2)
1957	184	190	4	38	5	----------	1	46
1958	297	246	6	5	3	----------	14	23
1959	905	572	3	3	13	17	140	157
1960	628	430	10	35	1	(2)	40	112
1961	1,172	868	----------	4	3	27	82	188

[1] Excludes investment companies.
[2] Less than $500,000.

TABLE IV-4.—*Registered and exempt stock offerings by type of stock and account for which offered*

[Offerings for cash sale, 1959-61. Thousands of dollars]

	1959			1960			1961		
	Total	Registered	Regulation A	Total	Registered	Regulation A	Total	Registered	Regulation A
All offerings: [1]									
Common stock	2, 523, 152	2, 425, 120	98, 032	2, 090, 033	1, 961, 845	128, 189	3, 913. 349	3, 757, 518	155, 831
Preferred stock	413, 897	408, 079	5, 818	181, 803	176, 516	5, 288	188, 260	185, 818	2, 441
Total	2, 937, 049	2, 833, 199	103, 850	2, 271, 837	2, 138, 360	133, 477	4, 101 609	3, 943, 337	158, 272
Offerings for the account of issuer:									
Common stock	1, 670, 501	1, 575, 866	94, 635	1, 474, 443	1, 350, 493	123, 949	2, 761, 216	2, 609, 076	152, 141
Preferred stock	396, 312	390. 593	5, 719	161, 988	156, 700	5, 288	185, 859	183, 417	2, 441
Total	2, 066, 813	1, 966, 459	100, 354	1, 636, 431	1, 507, 194	129, 237	2, 947, 075	2, 792, 493	154, 582
Offerings for the account of others:									
Common stock	852, 651	849, 254	3, 397	615, 591	611, 351	4, 240	1, 152, 133	1, 148, 443	3, 690
Preferred stock	17, 584	17, 485	99	19, 815	19, 815		2, 401	2, 401	
Total	870, 236	866, 740	3, 496	635, 406	631, 166	4, 240	1, 154, 534	1, 150, 844	3, 690

[1] As in tables IV-1 to IV-3, inclusive, this table and the following ones exclude issues of investment companies and offerings under employee-stock purchase plans. Also excluded (but included in tables IV-1 to IV-3) are issues exempt from registration, such as bank stocks, railroad stocks, and issues offered privately or intrastate, balances of exchange transactions sold for cash proceeds, sales to special groups such as institutional investors, issues of theatrical productions, limited partnership agreements, and certificates of participation. However, this table, and the tables following, include parts of issues sold to affiliated corporations (whereas such sales are excluded in tables IV-1 to IV-3).

In addition to these differences in coverage, there are some differences in dates at which issues are included in the statistics. These mainly pertain to rights offerings which are included at the expiration of rights date in tables IV-1 to IV-3, and in other tables at the initial offering date.

TABLE IV-5.—*Registered and exempt stock offerings by type of stock and industry of issuer*

[Offerings for cash sale, 1959-61. Thousands of dollars]

	1959			1960			1961		
	Total	Registered	Regulation A	Total	Registered	Regulation A	Total	Registered	Regulation A
All industries:									
Common stock	2,523,152	2,425,120	98,032	2,090,033	1,961,845	128,189	3,913,349	3,757,518	155,831
Preferred stock	413,897	408,079	5,818	181,803	176,516	5,288	188,260	185,818	2,441
Total	2,937,049	2,833,199	103,850	2,271,837	2,138,360	133,477	4,101,609	3,943,337	158,272
Manufacturing:									
Common stock	961,549	918,673	42,876	990,196	921,549	68,647	1,449,447	1,363,017	86,430
Preferred stock	99,744	98,285	1,459	20,452	18,308	2,144	48,830	47,759	1,071
Total	1,061,293	1,016,957	44,335	1,010,648	939.857	70,791	1,498,277	1,410,776	87,501
Extractive:									
Common stock	33,581	24,382	9,199	38,257	32,532	5,725	27,443	22,715	4,727
Preferred stock				19		19			
Total	33,581	24,382	9,199	38,276	32,532	5,744	27,443	22,715	4,727
Electric, gas, and water:									
Common stock	682,862	678,755	4,107	308,042	306,577	1,465	438,985	437,210	1,776
Preferred stock	259,987	259,987		126,827	126,372	455	90,716	90,416	300
Total	942,849	938,742	4,107	434,869	432,949	1,920	529,702	527,626	2,076
Transportation other than railroad:									
Common stock	19,125	18,698	427	8,682	7,590	1,092	14,843	13,065	1,777
Preferred Stock	4,350	4,350					3,450	3,450	
Total	23,475	23,048	427	8,682	7,590	1,092	18,292	16,515	1,777
Communication:									
Common stock	66,844	64,494	2,350	180,037	178,547	1,490	1,210,095	1,208,140	1,954
Preferred stock	11,204	11,004	200	250		250	21,625	21,625	
Total	78,048	75,498	2,550	180.287	178,547	1,740	1,231,719	1,229,765	1,95
Financial and real estate:									
Common stock	367,680	349,293	18,387	286,822	264,685	22,137	330,642	312,832	17,810
Preferred stock	25,063	21,612	3,451	28,678	27,383	1,295	19,246	18,606	640
Total	392.743	370,905	21,838	315,500	292,069	23,432	349,888	331,438	18.450

Commercial and other:									
Common stock	391,510	370,824	20,686	277,997	250,364	27,633	441,895	400,540	41,356
Preferred stock	13,549	12,841	708	5,577	4,452	1,125	4,392	3,962	430
Total	405,059	383,665	21,394	283,574	254,816	28,758	446,287	404,502	41,786

TABLE IV-6.—*Registered stock offerings by size of issuer and method of offering*

[Offerings for cash sale, 1959–61. Thousands of dollars]

Assets of issuer	1959			1960			1961		
	Total	Under-written	Offered directly	Total	Under-written	Offered directly	Total	Under-written	Offered directly
Total	2, 833, 199	2, 669, 107	164, 092	2, 138, 360	1, 793, 646	344, 714	3, 943, 337	2, 727, 052	1, 216, 285
$100,000,000 and over	1, 451, 337	1, 392, 068	59, 269	728, 220	545, 286	182, 934	2, 195, 860	1, 077, 221	1, 118, 639
$50,000,000 to $99,999,999	326, 394	312, 006	14, 388	261, 487	220, 983	40, 504	181, 569	173, 938	7, 631
$20,000,000 to $49,999,999	192, 708	185, 842	6, 866	287, 182	269, 862	17, 320	352, 702	341, 563	11, 139
$10,000,000 to $19,999,999	194, 734	189, 159	5, 575	232. 925	211, 863	21, 063	257, 316	251, 748	5, 568
$5,000,000 to $9,999,999	172, 713	166, 730	5, 983	160, 624	149, 872	10, 752	265, 639	249, 689	15, 950
$1,000,000 to $4,999,999	245, 688	225, 228	20, 460	303, 328	273, 308	30, 020	441, 443	413, 214	28, 229
Under $1,000,000	249, 625	198, 074	51, 551	164, 594	122, 473	42, 121	248, 809	219, 679	29, 130

TABLE IV-7.—*Registered and exempt stock offerings by size and method of offering*

[Offerings for cash sale, 1959-61. Thousands of dollars]

Size of offering	1959			1960			1961		
	Total	Under-written	Offered directly	Total	Under-written	Offered directly	Total	Under-written	Offered directly
Registered issues, total	2,833,199	2,669,107	164,092	2,138,360	1,793,646	344,714	3,943,337	2,727,052	1,216,285
$10,000,000 and over	1,623,174	1,553,355	69,819	893,352	695,688	197,664	2,478,472	1,364,302	1,114,170
$5,000,000 to $9,999,999	434,278	408,340	25,938	374,258	348,671	25,586	458,700	433,610	25,090
$2,000,000 to $4,999,999	450,511	408,905	41,606	498,663	433,567	65,096	500,371	464,722	35,649
$1,000,000 to $1,999,999	216,081	200,269	15,812	238,834	201,980	36,854	295,160	270,740	24,420
$750,000 to $999,999	45,219	43,587	1,633	55,576	48,923	6,653	66,629	63,952	2,677
$500,000 to $749,999	39,157	34,665	4,492	52,365	44,323	8,042	84,887	78,523	6,364
$400,000 to $499,999	11,548	10,043	1,505	12,176	10,976	1,200	29,233	26,022	3,211
$300,000 to $399,999	8,585	7,503	1,082	7,160	5,809	1,351	22,385	19,382	3,002
Under $300,000	4,644	2,440	2,204	5,977	3,709	2,269	7,500	5,799	1,701
Regulation A issues, total	103,850	65,323	38,527	133,477	95,276	38,201	158,272	118,042	40,230
Exactly $300,000	45,000	33,600	11,400	70,480	58,180	12,300	88,950	73,050	15,900
$250,000 to $299,999	29,675	17,805	11,871	29,287	19,747	9,540	33,618	24,528	9,089
$200,000 to $249,999	11,081	6,094	4,987	15,133	9,256	5,877	14,652	9,962	4,690
$150,000 to $199,999	8,090	4,729	3,361	8,687	5,001	3,686	10,453	6,214	4,239
$100,000 to $149,999	5,330	1,866	3,464	5,891	2,250	3,640	6,903	3,328	3,576
$50,000 to $99,999	3,519	1,066	2,453	2,941	532	2,409	2,699	803	1,897
Under $50,000	1,156	164	992	1,059	310	748	997	157	840

TABLE IV-8.—*Registered and exempt stock offerings by group initially solicited and method of offering*

[Offerings for cash sale, 1959-61. Thousands of dollars]

	1959			1960			1961		
	Total	Registered	Regulation A	Total	Registered	Regulation A	Total	Registered	Regulation A
All offerings:									
Underwritten	2, 734, 430	2, 669, 107	65, 323	1, 888, 922	1, 793, 646	95, 276	2, 845, 094	2, 727, 052	118, 042
Offered directly	202, 619	164, 092	38, 528	382, 915	344, 714	38, 201	1, 256, 515	1, 216, 285	40, 230
Total	2, 937, 049	2, 833, 199	103, 850	2, 271, 838	2, 138, 360	133, 477	4, 101, 609	3, 943, 337	158, 272
Offerings to stockholders:									
Underwritten	462, 260	457, 320	4, 940	160, 097	157, 569	2, 528	321, 277	318, 850	2, 427
Offered directly	89, 093	81, 375	7, 719	231, 684	223, 713	7, 971	1, 146, 974	1, 142, 618	4, 356
Total	551, 353	538, 695	12, 659	391, 781	381, 282	10, 499	1, 468, 251	1, 461, 467	6, 783
Offerings to others:									
Underwritten	2, 272, 170	2, 211, 787	60, 383	1, 728, 825	1, 636, 077	92, 748	2, 523, 817	2, 408, 202	115, 615
Offered directly	113, 526	82, 717	30, 809	151, 231	121, 001	30, 230	109, 542	73, 667	35, 875
Total	2, 385, 696	2, 294, 504	91, 192	1, 880, 056	1, 757, 078	122, 977	2, 633, 359	2, 481, 869	151, 489

TABLE IV–9.—*Registered and exempt common stock offerings by seasoned and unseasoned issues*

[Offerings for cash sale, 1959–61]

	1959			1960			1961		
	Total	Registered	Regulation A	Total	Registered	Regulation A	Total	Registered	Regulation A
All offerings:									
Number of issues [1]	1,122	649	473	1,338	748	590	1,769	1,082	687
Value (thousands of dollars)	2,523,152	2,425,120	98,032	2,090,033	1,961,845	128,189	3,913,349	3,757,518	155,831
Seasoned stock: [2]									
Number of issues	417	273	144	373	264	109	417	298	119
Value (thousands of dollars)	1,744,505	1,718,795	25,710	1,270,361	1,250,471	19,890	2,765,761	2,743,730	22,031
Unseasoned stock:									
Number of issues	705	376	329	965	484	481	1,352	784	568
Value (thousands of dollars)	778,646	706,325	72,322	819,672	711,373	108,299	1,147,588	1,013,788	133,800
Percent unseasoned stock to total:									
Number of issues	62.8	57.9	69.6	72.1	64.7	81.5	76.4	72.5	82.7
Value	30.9	29.1	73.8	39.2	36.3	84.5	29.3	27.0	85.9

[1] In this table an offering combining stock being sold for the account of the issuer and for others than the issuer is counted as 2 issues.

[2] Defined for purposes of this study as stock of a company which was previously registered under the Securities Act of 1933 or regulation A, was listed on a stock exchange or had stock traded in other securities markets.

TABLE IV–10.—*Registered unseasoned common stock offerings, by size of issuer*

[Offerings for cash sale, 1959–61. Dollars in thousands]

Assets of issuer	1959		1960		1961	
	Number of issues [1]	Value	Number of issues [1]	Value	Number of issues [1]	Value
Total	376	$706,325	484	$711,373	784	$1,013,788
$100,000,000 and over	2	8,933	3	7,531	----------	----------
$50,000,000 to $99,999,999	3	34,756	10	55,459	4	34,743
$20,000,000 to $49,999,999	20	80,969	23	98,826	29	135,353
$10,000,000 to $19,999,999	25	124,115	34	103,677	40	161,082
$5,000,000 to $9,999,999	49	102,483	61	106,788	79	159,050
$1,000,000 to $4,999,999	155	158,293	195	200,836	321	311,148
Under $1,000,000	122	196,775	158	138,256	311	212,411

[1] In this table an offering combining stock sold for the account of the issuer and for others than the issuer is counted as 2 issues.

TABLE IV–11.—*Registered and exempt unseasoned common stock offerings, by size of offering*

[Offerings for cash sale, 1959–61. Dollars in thousands]

Size of offering	1959		1960		1961	
	Number of issues [1]	Value	Number of issues [1]	Value	Number of issues [1]	Value
Registered issues, total	376	$706,325	484	$711,373	784	$1,013,788
$10,000,000 and over	9	227,560	8	74,453	18	175,544
$5,000,000 to $9,999,999	29	138,983	29	133,307	37	175,730
$2,000,000 to $4,999,999	69	151,123	106	238,811	145	287,124
$1,000,000 to $1,999,999	121	116,396	146	168,937	206	202,075
$750,000 to $999,999	46	30,830	57	38,060	88	55,711
$500,000 to $749,999	50	24,853	79	39,890	142	69,485
$400,000 to $499,999	23	8,308	25	9,653	61	25,211
$300,000 to $399,999	17	5,810	19	5,110	58	17,917
Under $300,000	12	2,460	15	3,154	29	4,991
Regulation A issues, total	329	72,322	481	108,299	568	133,800
Exactly $300,000	129	37,800	208	60,580	272	78,450
$250,000 to $299,999	65	17,207	87	22,212	109	27,955
$200,000 to $249,999	34	7,085	58	12,785	57	12,252
$150,000 to $199,999	33	5,335	43	6,464	57	9,069
$100,000 to $149,999	28	3,258	38	4,181	36	4,245
$50,000 to $99,999	19	1,209	19	1,327	20	1,365
Under $50,000	21	427	28	751	17	465

[1] In this table an offering combining stock sold for the account of the issuer and for others than issuer is counted as two issues.

TABLE IV-12.—*Registered and exempt unseasoned common stock offerings by method of offering and account for which offered*

[Offerings for cash sale, 1959-61]

	1959			1960			1961		
	Total	Registered	Regulation A	Total	Registered	Regulation A	Total	Registered	Regulation A
All offerings:									
Number [1]	705	376	329	965	484	481	1,352	784	568
Value (thousands of dollars)	778,646	706,325	72,322	819,672	711,373	108,299	1,147,588	1,013,788	133,800
Underwritten:									
Number	547	343	204	779	437	342	1,162	748	414
Value (thousands of dollars)	718,668	668,215	50,452	727,158	644,413	82,744	1,064,892	961,119	103,773
Offered directly:									
Number	158	33	125	186	47	139	190	36	154
Value (thousands of dollars)	59,979	38,109	21,870	92,515	66,960	25,555	82,697	52,669	30,028
Offerings for the account of issuer:									
Number	580	261	319	810	348	462	1,090	548	542
Value (thousands of dollars)	478,611	407,093	71,517	588,869	479,206	106,663	697,862	566,505	131,357
Underwritten:									
Number	424	230	194	631	307	324	905	516	389
Value (thousands of dollars)	425,282	375,634	49,648	502,581	421,373	81,208	629,534	528,196	101,338
Offered directly:									
Number	156	31	125	179	41	138	185	32	153
Value (thousands of dollars)	53,329	31,459	21,870	83,288	57,833	25,455	68,327	38,309	30,018
Offerings for account of others:									
Number	125	115	10	155	136	19	262	236	26
Value (thousands of dollars)	300,035	299,231	804	233,803	232,167	1,636	449,727	447,283	2,444
Underwritten:									
Number	123	113	10	148	130	18	257	232	25
Value (thousands of dollars)	293,385	292,581	804	224,577	223,041	1,536	435,357	432,923	2,434
Offered directly:									
Number	2	2		7	6	1	5	4	1
Value (thousands of dollars)	6,650	6,650		9,226	9,126	100	14,370	14,360	10

[1] In this table an offering combining stock sold for the account of the issuer and for others than the issuer is counted as 2 issues.

TABLE IV–13.—*Registered and exempt unseasoned common stock offerings by industry of issuer*

[Offerings for cash sale, 1959–61. Dollars in thousands]

Industry	1959		1960		1961	
	Number of issues [1]	Value	Number of issues [1]	Value	Number of issues [1]	Value
Total, all industries	705	$778,646	965	$819,672	1,352	$1,147,588
Manufacturing	350	282,486	516	415,970	737	571,682
Extractive	38	16,656	33	15,425	23	12,101
Electric, gas, and water	8	24,193	6	18,030	7	8,425
Transportation other than railroad	2	3,273	5	2,442	13	4,632
Communication	7	11,398	11	8,804	6	10,271
Financial and real estate	134	218,356	164	183,867	157	201,361
Commercial and other	166	222,283	230	175,133	409	339,117
Registered, all industries	376	706,325	484	711,373	784	1,013,788
Manufacturing	198	246,689	256	356,071	423	494,317
Extractive	12	10,519	7	10,990	9	9,237
Electric, gas, and water	5	23,651	4	17,754	4	7,707
Transportation other than railroad	2	3,273	3	1,950	6	2,945
Communication	3	10,717	7	7,940	5	10,140
Financial and real estate	70	205,031	86	165,080	95	187,154
Commercial and other	86	206,443	121	151,588	242	302,288
Regulation A, all industries	329	72,322	481	108,299	568	133,800
Manufacturing	152	35,797	260	59,899	314	77,365
Extractive	26	6,137	26	4,435	14	2,864
Electric, gas, and water	3	542	2	276	3	718
Transportation other than railroad	---	---	2	492	7	1,687
Communication	4	681	4	864	1	131
Financial and real estate	64	13,325	78	18,787	62	14,207
Commercial and other	80	15,840	109	23,545	167	36,829

[1] In this table an offering combining stock sold for the account of the issuer and for others than issuer is counted as 2 issues.

TABLE IV-14.—*Registered and exempt unseasoned common stock offerings by selected industry groups*

[Offerings for cash sale, 1959-61. Dollars in thousands]

Industry	1959		1960		1961	
	Number of issues [1]	Value	Number of issues [1]	Value	Number of issues [1]	Value
All issues, total	192	$150,818	289	$210,463	437	$279,800
Aerospace	9	2,875	8	1,850	17	8,440
Vending machines	2	1,300	7	8,854	15	14,770
Boat building and repairing	6	3,636	22	4,417	7	2,998
Electronics and electrical equipment	121	111,236	169	102,727	212	100,155
Photography	13	7,443	11	5,411	33	24,923
Plastics and synthetic products	19	7,153	12	3,601	20	10,022
Printing and publishing	6	6,204	15	57,586	25	51,634
Scientific instruments and research	10	7,840	26	7,353	62	41,570
Sporting goods and amusements	6	3,131	19	18,664	46	25,289
Registered, total	101	129,389	139	175,714	237	231,182
Aerospace	2	1,050			5	4,870
Vending machines	1	1,000	5	8,284	7	12,710
Boat building and repairing	1	2,400	3	925	2	1,500
Electronics and electrical equipment	67	98,451	88	82,869	103	73,944
Photography	8	6,238	4	4,020	25	23,303
Plastics and synthetic products	8	4,640	5	1,861	11	8,101
Printing and publishing	5	5,904	9	56,281	18	49,848
Scientific instruments and research	6	6,875	9	3,284	36	34,997
Sporting goods and amusements	3	2,831	16	18,190	30	21,909
Regulation A, total	91	21,429	150	34,749	200	48,618
Aerospace	7	1,825	8	1,850	12	3,570
Vending machines	1	300	2	570	8	2,060
Boat building and repairing	5	1,236	19	3,492	5	1,498
Electronics and electrical equipment	54	12,786	81	19,859	109	26,210
Photography	5	1,205	7	1,391	8	1,620
Plastics and synthetic products	11	2,513	7	1,740	9	1,921
Printing and publishing	1	300	6	1,305	7	1,786
Scientific instruments and research	4	965	17	4,069	26	6,573
Sporting goods and amusements	3	300	3	474	16	3,381

[1] In this table an offering combining stock sold for the account of the issuer and for others than issuer is counted as 2 issues.

NOTE.—Industry groups combine manufacturing, wholesaling, and retailing operations in each industry

TABLE IV–15.—*Distribution of registered and exempt unseasoned common stock offerings by offering price*

[Offerings for cash sale, 1959–61]

Offering price	1959		1960		1961	
	Number of issues [1]	Percent of total	Number of issues [1]	Percent of total	Number of issues [1]	Percent of total
All issues	591	100.0	826	100.0	1,121	100.0
$50 and over	28	4.7	20	2.4	29	2.6
$20 to $49.99	34	5.7	39	4.7	33	2.9
$10 to $19.99	137	23.2	151	18.3	226	20.2
$5 to $9.99	91	15.4	179	21.7	257	22.9
$2 to $4.99	173	29.3	307	37.1	464	41.4
$1 to $1.99	114	19.3	117	14.2	102	9.1
$0.01 to $0.99	14	2.4	13	1.6	10	.9
Registered issues, total	284	100.0	370	100.0	587	100.0
$50 and over	2	.7	2	.5	3	.5
$20 to $49.99	23	8.1	25	6.8	26	4.4
$10 to $19.99	107	37.7	124	33.5	187	31.9
$5 to $9.99	62	21.8	126	34.1	199	33.9
$2 to $4.99	65	22.9	79	21.3	151	25.7
$1 to $1.99	21	7.4	14	3.8	18	3.1
$0.01 to $0.99	4	1.4			3	.5
Regulation A issues, total	307	100.0	456	100.0	534	100.0
$50 and over	26	8.5	18	3.9	26	4.9
$20 to $49.99	11	3.6	14	3.1	7	1.3
$10 to $19.99	30	9.8	27	5.9	39	7.3
$5 to $9.99	29	9.4	53	11.6	58	10.9
$4 to $4.99	11	3.6	30	6.6	62	11.6
$3 to $3.99	45	14.7	96	21.1	158	29.6
$2 to $2.99	52	16.9	102	22.4	93	17.4
$1 to $1.99	93	30.3	103	22.6	84	15.7
$0.01 to $0.99	10	3.2	13	2.8	7	1.3

[1] In this table an offering combining stock sold for the account of the issuer and for others than the issuer is classified according to the major seller, and is counted as 1 issue. Unit offerings, i.e., 2 or more issues offered together at a single price, are excluded.

TABLE IV-16.—*Distribution of unseasoned common stock offerings in selected industry groups by offering price and size of issuer*

[Offerings for cash sale, 1959-61]

	1959		1960		1961	
	Number of issues	Percent of total	Number of issues	Percent of total	Number of issues	Percent of total
	A. Distribution by offering price [1]					
Offering price, total	118	100.0	198	100.0	309	100.0
$50 and over	1	.8				
$20 to $49.99	3	2.5	5	2.5	5	1.6
$10 to 19.99	26	22.1	30	15.2	49	15.9
$5 to $9.99	18	15.3	44	22.2	78	25.2
$2 to $4.99	61	51.7	98	49.5	151	48.9
$1 to $1.99	9	7.6	21	10.6	26	8.4
$0.01 to $0.99						
	B. Distribution by size of company [2]					
Assets of issuers, total	67	100.0	99	100.0	168	100.0
$20,000,000 and over			4	4.0	1	.6
$10,000,000 to $19,999,999	1	1.5			5	3.0
$5,000,000 to $9,999,999	8	12.0	9	9.1	5	3.0
$1,000,000 to $4,999,999	35	52.2	50	50.5	75	44.6
Under $1,000,000	23	34.3	36	36.4	82	48.8

[1] Includes issues registered under Securities Act of 1933 or exempt under regulation A.
[2] Includes only issues registered under Securities Act of 1933.

NOTE.—In this table an offering combining stock sold for the account of the issuer and for others than the issuer is classified according to the major seller, and is counted as 1 issue. Unit offeiings, i.e., 2 or more issues offered together at a single price, are excluded. The selected industries are those covered in table IV-14.

TABLE IV-17.—*Managing underwriters of unseasoned common stock offerings in 1961 by date of organization and extent of experience of principals in the firm*

[Underwritten offerings for cash sale; number of underwriters]

Broker-dealer experience of principals in underwriting firm [1]	Date of organization of underwriter [2]					
	Total	Before 1956 [3]	1956 and after			
			Total, 1956-61	1956-57	1958-59	1960-61
All underwriters	503	232	271	37	88	146
Majority of principals had 5 or more years' experience	297	232	65	17	25	23
Some of principals, but less than half, had 5 or more years' experience	71		71	6	23	42
All principals had less than 5 years' experience:						
Majority had 2 to 5 years' experience	42		42	10	19	13
Some, but less than half, had 2 to 5 years' experience	36		36	3	9	24
All had less than 2 years' experience	57		57	1	12	44

[1] Experience at time of underwriting, not at time of broker-dealer registration.
[2] If underwriter was a successor to another broker-dealer firm, date of organization of predecessor was used.
[3] All firms organized before 1956 are classified as underwriters with a majority of principals having 5 or more years' experience.

NOTE.—Table includes issues registered under Securities Act of 1933 or exempt under regulation A.

TABLE IV-18.—*Managing underwriters of unseasoned common stock offerings in 1961 by date of organization and size of net capital*

[Underwritten offerings for cash sale; number of underwriters]

Amount of adjusted net capital [1]	Date of organization of underwriter [2]					
	Total	Before 1956	1956 and after			
			Total, 1956-61	1956-57	1958-59	1960-61
All underwriters	503	232	271	37	88	146
Less than $10,000	104	9	95	8	21	66
$10,000 to $24,999	56	12	44	6	21	17
$25,000 to $49,999	58	7	51	6	16	29
$50,000 to $99,999	49	17	32	6	11	15
$100,000 to $499,999	116	70	46	10	17	19
$500,000 to $999,999	31	30	1	1		
$1,000,000 and over	89	87	2		2	

[1] Adjusted net capital as defined in rule 15c3-1 of Securities Act of 1934 and as of Dec. 31, 1961, whenever available. When it was necessary to use net capital for sometime earlier in year, net capital figure may have been for a date prior to that of underwriting.
[2] If underwriter was a successor to another broker-dealer firm, date of organization of predecessor was used.

NOTE.—Table includes issues registered under Securities Act of 1933 or exempt under regulation A.

TABLE IV–19.—*Unseasoned common stock offerings in 1961 by type of underwriting agreement and date of organization of managing underwriter*

[Underwritten offerings for cash sale]

	Date of organization of underwriter [1]					
	Total	Before 1956	1956 and after			
			Total, 1956–61	1956–57	1958–59	1960–61
Number of Underwriters	503	232	271	37	88	146
Issues underwritten:						
Total number of issues	923	479	444	69	171	204
Average number of issues per underwriter	1.8	2.1	1.6	1.9	1.9	1.4
Total amount underwritten (thousands of dollars)	1,017,686	824,650	193,036	31,760	71,412	89,864
Average amount underwritten per underwriter (thousands of dollars)	2,023	3,555	712	858	812	616
Basis of underwriting: [2]						
Firm commitment:						
Number of issues	568	409	159	31	56	72
Total amount (thousands of dollars)	867,904	787,932	79,972	16,548	35,180	28,244
Best efforts: [3]						
Number of issues	355	70	285	38	115	132
Total amount (thousands of dollars)	149,782	36,718	113,064	15,212	36,232	61,620
Percent of total number of issues taken on—						
Firm commitment basis	61.5	85.4	35.8	44.9	32.7	35.3
Best efforts basis	38.5	14.6	64.2	55.1	67.3	64.7

[1] If underwriter was a successor to another broker-dealer firm, date of organization of predecessor was used.
[2] Partially estimated.
[3] Includes underwritings on "all or none" basis.

NOTE.—Table includes issues registered under Securities Act of 1933 or exempt under regulation A. Common stocks offered as units in combination with preferred stocks or bonds are excluded from table.

TABLE IV–20.—*Registered and exempt unseasoned common stock offerings in 1961 by date of organization of managing underwriter*

[Underwritten offerings for cash sale]

	Date of organization of underwriter [1]					
	Total	Before 1956	1956 and after: Total, 1956–61	1956–57	1958–59	1960–61
Total number of underwriters	503	232	271	37	88	146
Total number of issues underwritten	923	479	444	69	171	204
	Registered offerings					
Number of underwriters [2]	302	181	121	22	44	55
Total number of issues	550	377	173	36	70	67
Total amount underwritten (thousands of dollars)	917, 102	795, 161	121, 941	22, 446	44, 783	54, 712
Average number of issues per underwriter	1. 8	2. 1	1. 4	1. 6	1. 6	1. 2
Average amount underwritten per underwriter (thousands of dollars)	3, 037	4, 393	1, 008	1, 020	1, 018	995
Number of registered issues as percent of total number of issues	59. 6	78. 7	39. 0	52. 2	40. 9	32. 8
	Regulation A offerings					
Number of underwriters [2]	291	81	210	24	68	118
Total number of issues	373	102	271	33	101	137
Total amount underwritten (thousands of dollars)	100, 584	29, 489	71, 095	9, 314	26, 629	35, 152
Average number of issues per underwriter	1. 3	1. 3	1. 3	1. 4	1. 5	1. 2
Average amount underwritten per underwriter (thousands of dollars)	346	364	339	388	392	298
Number of regulation A issues as percent of total number of issues	40. 4	21. 3	61. 0	47. 8	59. 1	67. 2

[1] If underwriter was a successor to another broker-dealer firm, date of organization of predecessor was used.

[2] Number of underwriters of registered offerings and regulation A offerings exceeds total number of underwriters because some broker-dealers underwrote both types of offerings.

NOTE.—Common stocks offered as units in combination with preferred stocks or bonds are excluded from table.

TABLE IV-21.—*Percent distribution of unseasoned common stock offerings in 1961 by after-market price of stock and size of net capital of managing underwriter*

[Underwritten offerings for cash sale]

	Adjusted net capital of underwriters [1]						
	Total	Less than $10,000	$10,000 to $24,999	$25,000 to $49,999	$50,000 to $99,999	$100,000 to $499,999	$500,000 and over
Total number of underwriters	503	104	56	58	49	116	120
Total number of issues underwritten [2]	811	84	56	75	75	231	29
	Market price of issue immediately after offering						
Percent of total number of issues which were—							
More than 100 percent above offer price	9.3	11.4	6.6	11.5	6.4	15.0	4.8
51 to 100 percent above offer price	15.1	13.2	8.1	16.0	20.1	15.8	15.0
26 to 50 percent above offer price	18.3	14.9	17.0	15.5	22.0	17.3	20.2
1 to 25 percent above offer price	41.6	44.1	44.4	45.8	34.6	39.2	43.0
At or below offer price	15.7	16.4	23.9	11.2	16.9	12.7	17.0
All issues	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Market price of issue 1 month after offering						
Percent of total number of issues which were—							
More than 100 percent above offer price	14.8	15.9	15.2	15.9	17.5	18.4	10.7
51 to 100 percent above offer price	15.4	15.8	9.7	10.2	16.3	17.8	15.7
26 to 50 percent above offer price	14.3	13.3	16.9	9.1	10.2	13.7	16.9
1 to 25 percent above offer price	24.0	21.2	17.3	29.5	33.3	18.9	26.2
At or below offer price	31.5	33.8	40.9	35.3	22.7	31.2	30.5
All issues	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] Adjusted net capital as defined in rule 15c3-1 of Securities Exchange Act of 1934 and as of Dec. 31, 1961, whenever available. When it was necessary to use net capital for some time earlier in year, net capital figure may have been for a date prior to that of underwriting.
[2] Excluding offerings for which prices in after market were not available.

NOTE.—Table includes issues registered under Securities Act of 1933 or exempt under regulation A. Common stocks offered as units in combination with preferred stocks or bonds are excluded from table.

TABLE IV–22.—*Underwriters' cash compensation as percent of gross proceeds in common stock offerings by type of compensation and size of offering*

[Underwritten offerings for cash sale, 1949, 1953, 1960, and 1961]

Size of offering	All issues	Issues with cash compensation only	Issues with additional noncash compensation [1]
		1949	
Over $300,000, total [2]	6.4	6.2	28.0
$10,000,000 and over	4.6	4.6	
$5,000,000 to $9,999,999	6.5	6.5	
$3,000,000 to $4,999,999	6.4	6.4	
$1,000,000 to $2,999,999	9.4	8.7	28.0
$500,000 to $999,999	8.4	8.4	
$300,001 to $499,999	11.3	11.3	
$300,000 and under, total [2 3]	10.9	7.8	25.5
		1953	
Over $300,000, total [2]	5.8	4.8	15.8
$10,000,000 and over	4.2	4.2	
$5,000,000 to $9,999,999	3.6	3.7	1.1
$3,000,000 to $4,999,999	6.4	6.4	
$1,000,000 to $2,999,999	8.5	6.4	17.8
$500,000 to $999,999	10.9	9.3	15.4
$300,001 to $499,999	14.3	17.2	
$300,000 and under, total [2 3]	11.6	10.0	30.0
		1960	
Over $300,000, total [3]	9.4	7.9	12.7
$10,000,000 and over	4.4	4.4	
$5,000,000 to $9,999,999	6.2	6.1	6.8
$3,000,000 to $4,999,999	6.6	6.5	10.0
$1,000,000 to $2,999,999	9.1	8.8	10.6
$500,000 to $999,999	11.5	9.6	12.6
$300,001 to $499,999	15.4	12.5	16.4
$300,000 and under, total [2 3]	15.0	12.4	18.3
		1961	
Over $300,000, total [3]	9.6	8.0	12.3
$10,000,000 and over	3.2	2.9	6.8
$5,000,000 to $9,999,999	5.7	5.7	5.3
$3,000,000 to $4,999,999	7.2	7.0	9.5
$1,000,000 to $2,999,999	9.2	8.7	11.1
$500,000 to $999,999	11.8	9.9	13.0
$300,001 to $499,999	11.8	8.2	12.5
$300,000 and under, total [2 3]	15.2	11.6	16.4

[1] Refers to securities, warrants or options given in addition to the regular cash commission or discount. The value of this noncash compensation is not included.
[2] Median percentages. All other percentages are unweighted averages.
[3] Includes a small number of issues registered under the Securities Act of 1933 as well as issues exempt under regulation A.

NOTE.—Table includes issues registered under Securities Act of 1933 or exempt under regulation A.

TABLE IV-23.—*Underwriters' cash compensation as percent of gross proceeds in common stock offerings by seasoned and unseasoned issues, type of compensation, and size of offering*

[Underwritten offerings for cash sale, 1960-61]

Size of offering	Issues with cash compensation only			Issues with additional noncash compensation [1]		
	All issues	Seasoned [2]	Unseasoned	All issues	Seasoned [2]	Unseasoned
	1960					
Over $300,000, total [3]	7.9	6.2	9.1	12.7	8.7	12.9
$10,000,000 and over	4.4	4.4	-----	-----	-----	-----
$5,000,000 to $9,999,999	6.1	5.1	7.4	6.8	6.8	-----
$3,000,000 to $4,999,999	6.5	4.2	8.7	10.0	-----	10.0
$1,000,000 to $2,999,999	8.8	7.3	9.9	10.6	-----	10.6
$500,000 to $999,999	9.6	9.2	9.8	12.6	8.2	13.2
$300,001 to $499,999	12.5	9.0	16.0	16.4	-----	16.4
$300,000 and under, total [3] [4]	12.4	11.3	13.9	18.3	22.4	18.3
	1961					
Over $300,000, total [3]	8.0	6.4	8.5	12.3	12.6	12.0
$10,000,000 and over	2.9	2.5	4.6	6.8	6.8	-----
$5,000,000 to $9,999,999	5.7	2.9	7.3	5.3	5.3	-----
$3,000,000 to $4,999,999	7.0	6.8	7.2	9.5	-----	9.5
$1,000,000 to $2,999,999	8.7	9.0	8.5	11.1	13.1	10.8
$500,000 to $999,999	9.9	8.4	10.5	13.0	12.7	13.1
$300,001 to $499,999	8.2	-----	8.2	12.5	14.6	12.4
$300,000 and under, total [3] [4]	11.6	10.5	12.9	16.4	18.8	16.4

[1] Refers to securities, warrants, or options given in addition to the regular cash commission or discount.
[2] Defined for purposes of this study as stock of a company which was previously registered under the Securities Act of 1933 or regulation A, was listed on a stock exchange or had stock traded in other securities markets.
[3] Median percentages. All other percentages are unweighted averages.
[4] Includes a small number of issues registered under the Securities Act of 1933 as well as issues exempt under regulation A.

NOTE.—Table includes issues registered under Securities Act of 1933 or exempt under regulation A.

TABLE IV-24.—*Underwriters' cash compensation as percent of gross proceeds in common stock offerings by type of underwriting agreement, type of compensation, and size of offering*

[Underwritten offerings for cash sale, 1960–61]

Size of offering	Issues with cash compensation only			Issues with additional noncash compensation [1]		
	All issues	Firm commitment	Best efforts	All issues	Firm commitment	Best efforts
	1960					
Over $300,000, total [2]	7.9	7.7	14.0	12.7	12.0	17.8
$10,000,000 and over	4.4	4.4	-----	-----	-----	-----
$5,000,000 to $9,999,999	6.1	6.1	-----	6.8	6.8	-----
$3,000,000 to $1,999,999	6.5	6.2	8.2	10.0	10.0	-----
$1,000,000 to $2,999,999	8.8	8.1	13.6	10.6	10.6	-----
$500,000 to $999,999	9.6	8.8	16.3	12.6	11.5	16.9
$300,001 to $499,999	12.5	9.0	16.0	16.4	13.2	19.1
$300,000 and under, total [2 3]	12.4	11.1	15.0	18.3	15.0	20.0
	1961					
Over $300,000, total [2]	8.0	8.0	15.0	12.3	11.6	15.0
$10,000,000 and over	2.9	2.9	-----	6.8	6.8	-----
$5,000,000 to $9,999,999	5.7	5.7	-----	5.3	5.3	-----
$3,000,000 to $4,999,999	7.0	6.5	15.0	9.5	9.5	-----
$1,000,000 to $2,999,999	8.7	8.6	11.4	11.1	10.5	13.4
$500,000 to $999,999	9.9	9.2	18.1	13.0	12.1	14.6
$300,001 to $499,999	8.2	8.2	-----	12.5	11.6	14.3
$300,000 and under, total [2 3]	11.6	11.2	12.9	16.4	13.3	17.5

[1] Refers to securities, warrants, or options given in addition to the regular cash commission or discount.
[2] Median percentages. All other percentages are unweighted averages.
[3] Includes a small number of issues registered under the Securities Act of 1933 as well as issues exempt under regulation A.

NOTE.—Table includes issues registered under Securities Act of 1933 or exempt under regulation A.

TABLE IV-25.—*Underwriters' cash compensation as percent of gross proceeds in common stock offerings by industry of issuer and type of compensation*

[Underwritten offerings for cash sale, 1949, 1953, 1960, and 1961. Median percentages]

	All industries	Manufacturing	Extractive	Public utilities [1]	Other
	(*a*) Issues over $300,000 in size				
1949—Issues with cash compensation only	6.2	6.5	14.0	6.0	7.5
Issues with additional noncash compensation	28.0	-----	28.0	-----	-----
1953—Issues with cash compensation only	4.8	8.0	10.8	2.8	9.3
Issues with additional noncash compensation	15.8	21.3	18.2	-----	11.1
1960—Issues with cash compensation only	7.9	7.7	17.0	4.0	8.4
Issues with additional noncash compensation	12.7	12.3	7.8	-----	13.6
1961—Issues with cash compensation only	8.0	8.2	14.6	3.7	8.5
Issues with additional noncash compensation	12.3	11.7	15.0	15.0	12.6
	(*b*) Issues $300,000 and under in size				
1949—Issues with cash compensation only	7.8	4.7	18.0	3.9	12.9
Issues with additional noncash compensation	25.5	16.5	27.0	-----	42.5
1953—Issues with cash compensation only	10.0	6.7	20.0	7.0	11.6
Issues with additional noncash compensation	30.0	20.0	32.0	23.4	-----
1960—Issues with cash compensation only	12.4	11.2	11.5	8.2	12.8
Issues with additional noncash compensation	18.3	19.0	-----	-----	18.0
1961—Issues with cash compensation only	11.6	10.2	32.7	10.8	15.1
Issues with additional noncash compensation	16.4	16.2	-----	-----	16.6

[1] Includes communication companies.

NOTE.—Table includes issues registered under Securities Act of 1933 or exempt under regulation A. Noncash compensation refers to securities, warrants, or options given in addition to the regular cash commission or discount.

TABLE IV-26.—*Underwriters' cash compensation as percent of gross proceeds in common stock offerings by account for which offered and by type of compensation*

[Underwritten offerings for cash sale 1960-61. Median percentages]

	1960	1961
(a) Issues over $300,000 in size:		
Issues with cash compensation only:		
For account of issuer	8.1	8.2
For account of others	7.7	7.5
Partly for account of issuer and partly for others	8.2	8.6
Issues with additional noncash compensation:[1]		
For account of issuer	13.0	12.5
For account of others	8.5	10.8
Partly for account of issuer and partly for account of others	12.3	12.4
(b) Issues $300,000 and under in size:		
Issues with cash compensation only:		
For account of issuer	15.0	12.4
For account of others	10.0	7.0
Partly for account of issuer and partly for account of others	10.3	
Issues with additional noncash compensation:[1]		
For account of issuer	18.3	16.4
For account of others		16.8
Partly for account of issuer and partly for account of others	18.0	16.6

[1] Noncash compensation refers to securities, warrants, or options given in addition to the regular cash commission or discount.

NOTE.—Table includes issues registered under Securities Act of 1933 or exempt under regulation A.

TABLE IV-27.—*Common stock offerings with noncash compensation to underwriters as percent of all underwritten common stock offerings by size of offering*

[Offerings for cash sale, 1949, 1953, 1960, and 1961]

Size of offering	1949	1953	1960	1961
Over $300,000, total	1.0	11.8	34.7	41.6
$10,000,000 and over				33.3
$5,000,000 to $9,999,999		5.3	8.3	8.3
$3,000,000 to $4,999,999			5.3	10.0
$1,000,000 to $2,999,999	3.3	18.7	11.6	20.8
$500,000 to $999,999		26.3	63.0	61.5
$300,001 to $499,999		16.7	73.3	82.5
$300,000 and under, total[1]	13.1	21.4	46.0	70.8

[1] Includes a small number of issues registered under the Securities Act of 1933 as well as issues exempt under regulation A.

NOTE.—Table includes issues registered under Securities Act of 1933 or exempt under regulation A. Noncash compensation refers to securities, warrants, or options given in addition to the regular cash commission or discount.

TABLE IV-28.—*Common stock offerings with noncash compensation to underwriters as percent of all underwritten common stock offerings by seasoned and unseasoned issues and size of offering*

[Offerings for cash sale, 1960–61]

Size of offering	1960			1961		
	All issues	Seasoned [1]	Unseasoned	All issues	Seasoned [1]	Unseasoned
Over $300,000, total	34.7	9.8	47.5	41.6	16.1	51.9
$10,000,000 and over				33.3	33.0	
$5,000,000 to $9,999,999	8.3	14.3		8.3	20.0	
$3,000,000 to $4,999,999	5.3		10.0	10.0		20.0
$1,000,000 to $2,999,999	11.6		17.9	20.8	8.3	27.7
$500,000 to $999,999	63.0	36.4	69.8	61.5	36.4	66.6
$300,001 to $499,999	73.3		84.6	82.5	100.0	81.6
$300,000 and under, total [2]	46.0	25.0	49.3	70.8	16.7	76.9

[1] Defined for purposes of this study as stock of a company which was previously registered under the Securities Act of 1933 or regulation A, was listed on a stock exchange, or had stock traded in other securities markets.

[2] Includes a small number of issues registered under the Securities Act of 1933 as well as issues exempt under regulation A.

NOTE.—Table includes issues registered under Securities Act of 1933 or exempt under regulation A. Noncash compensation refers to securities, warrants, or options given in addition to the regular cash commission or discount.

TABLE IV-29.—*Common stock offerings with noncash compensation to underwriters as percent of all underwritten common stock offerings by type of underwriting agreement and size of offering*

[Offerings for cash sale, 1960–61]

Size of offering	1960		1961	
	Firm commitment	Best efforts	Firm commitment	Best efforts
Over $300,000, total	31.0	54.2	33.7	85.3
$10,000,000 and over			33.3	
$5,000,000 to $9,999,999	8.3		8.3	
$3,000,000 to $4,999,999	5.9		10.5	
$1,000,000 to $2,999,999	13.2		17.9	60.0
$500,000 to $999,999	60.0	77.8	52.1	88.2
$300,001 to $499,999	71.4	75.0	75.9	100.0
$300,000 and under, total [1]	25.7	59.6	55.8	79.2

[1] Includes a small number of issues registered under the Securities Act of 1933 as well as issues exempt under regulation A.

NOTE.—Table includes issues registered under Securities Act of 1933 or exempt under regulation A. Noncash compensation refers to securities, warrants, or options given in addition to the regular cash commission or discount.

TABLE IV-30.—*Distribution of registered and exempt unseasoned common stock offerings by price of stock immediately after offering*

[Offerings for cash sale, 1959-61]

Ratio of market price to offering price	1959		1960		1961	
	Number of issues [1]	Percent of total	Number of issues [1]	Percent of total	Number of issues [1]	Percent of total
Total:						
More than 100 percent above offer price	18	5.2	20	3.9	75	9.1
51 to 100 percent above offer price	37	10.7	53	10.6	132	16.0
26 to 50 percent above offer price	56	16.2	82	16.3	155	18.9
1 to 25 percent above offer price	154	44.5	209	41.7	336	40.8
At or below offer price	81	23.4	138	27.5	125	15.2
All issues	346	100.0	502	100.0	823	100.0
Registered:						
More than 100 percent above offer price	6	2.5	7	2.2	39	7.4
51 to 100 percent above offer price	20	8.4	21	6.7	77	14.7
26 to 50 percent above offer price	36	15.2	46	14.8	100	19.1
1 to 25 percent above offer price	109	46.0	135	43.3	222	42.4
At or below offer price	66	27.9	103	33.0	86	16.4
All issues	237	100.0	312	100.0	524	100.0
Regulation A:						
More than 100 percent above offer price	12	11.0	13	6.8	36	12.0
51 to 100 percent above offer price	17	15.6	32	16.9	55	18.4
26 to 50 percent above offer price	20	18.3	36	19.0	55	18.4
1 to 25 percent above offer price	45	41.3	74	38.9	114	38.1
At or below offer price	15	13.8	35	18.4	39	13.1
All issues	109	100.0	190	100.0	299	100.0

[1] Number for which price quotations were available. In this table an offering combining stock sold for the account of the issuer and for others than the issuer is classified according to the major seller, and is counted as 1 issue. Unit offerings, i.e., 2 or more issues offered together at a single price, are excluded.

TABLE IV-31.—*Distribution of registered and exempt unseasoned common stock offerings by price of stock 1 month after offering*

[Offerings for cash sale, 1959–61]

Ratio of market price to offering price	1959		1960		1961	
	Number of issues[1]	Percent of total	Number of issues[1]	Percent of total	Number of issues[1]	Percent of total
Total:						
More than 100 percent above offer price	36	10.4	38	7.6	124	15.1
51 to 100 percent above offer price	49	14.2	73	14.5	133	16.1
26 to 50 percent above offer price	55	15.9	69	13.7	118	14.3
1 to 25 percent above offer price	91	26.3	132	26.3	185	22.5
At or below offer price	115	33.2	190	37.9	263	32.0
All issues	346	100.0	502	100.0	823	100.0
Registered:						
More than 100 percent above offer price	14	5.9	13	4.2	64	12.2
51 to 100 percent above offer price	34	14.3	39	12.5	79	15.1
26 to 50 percent above offer price	34	14.3	44	14.1	77	14.7
1 to 25 percent above offer price	69	29.2	79	25.3	130	24.8
At or below offer price	86	36.3	137	43.9	174	33.2
All issues	237	100.0	312	100.0	524	100.0
Regulation A:						
More than 100 percent above offer price	22	20.2	25	13.2	60	20.1
51 to 100 percent above offer price	15	13.7	34	17.8	54	18.1
26 to 50 percent above offer price	21	19.3	25	13.2	41	13.7
1 to 25 percent above offer price	22	20.2	53	27.9	55	18.3
At or below offer price	29	26.6	53	27.9	89	29.8
All issues	109	100.0	190	100.0	299	100.0

[1] Number for which price quotations were available. In this table an offering combining stock sold for the account of the issuer and for others than the issuer is classified according to the major seller, and is counted as 1 issue. Unit offerings, i.e., 2 or more issues offered together at a single price, are excluded.

TABLE IV-32.—*Distribution of unseasoned common stock offerings in selected industry groups by after-market price*

[Offerings for cash sale, 1959-61]

Ratio of market price to offering price	1959		1960		1961	
	Number of issues[1]	Percent of total	Number of issues[1]	Percent of total	Number of issues[1]	Percent of total
	(a) Classified by price immediately after offering					
More than 100 percent above offer price	9	7.6	15	7.6	45	14.6
51 to 100 percent above offer price	21	17.8	37	18.7	61	19.7
26 to 50 percent above offer price	25	21.2	38	19.2	56	18.1
1 to 25 percent above offer price	48	40.7	75	37.8	111	35.9
At or below offer price	15	12.7	33	16.7	36	11.7
All issues	118	100.0	198	100.0	309	100.0
	(b) Classified by price 1 month after offering					
More than 100 percent above offer price	19	16.1	28	14.1	65	21.0
51 to 100 percent above offer price	16	13.6	42	21.2	51	16.5
26 to 50 percent above offer price	25	21.2	30	15.2	45	14.6
1 to 25 percent above offer price	28	23.7	42	21.2	55	17.8
At or below offer price	30	25.4	56	28.3	93	30.1
All issues	118	100.0	198	100.0	309	100.0

[1] Number for which price quotations were available. In this table an offering combining stock sold for the account of the issuer and for others than the issuer is classified according to the major seller, and is counted as 1 issue. Unit offerings, i.e., 2 or more issues offered together at a single price, are excluded.

NOTE.—Table includes issues registered under Securities Act of 1933 or exempt under regulation A. The selected industries are those covered in table IV-14.

TABLE IV-33.—*Distribution of registered and exempt unseasoned common stock offerings selling at a premium in the after-market by industry by issuer*

[Offerings for cash sale, 1959-61]

	1959			1960			1961		
	Number with prices [1]	Percent at premium immediately	Percent still at premium 1 month later	Number with prices [1]	Percent at premium immediately	Percent still at premium 1 month later	Number with prices [1]	Percent at premium immediately	Percent still at premium 1 month later
Total, all industries	346	76.6	60.1	502	72.5	56.4	823	84.8	65.5
Manufacturing	216	80.1	63.0	327	75.8	61.1	502	86.7	67.4
Extractive	3	100.0	60.7	3	-----	-----	5	60.0	40.0
Electric, gas and water	3	100.0	100.0	4	100.0	75.0	5	60.0	60.0
Transportation other than railroad	-----	-----	-----	1	100.0	100.0	6	66.7	66.7
Communication	4	50.0	50.0	4	100.0	50.0	5	60.0	40.0
Financial and real estate	48	56.2	39.6	49	53.1	28.6	60	70.0	53.3
Commercial and other	72	79.2	63.9	114	71.1	55.3	240	86.7	65.8
Registered, all industries	237	72.2	56.1	312	67.0	49.0	524	83.6	64.5
Manufacturing	137	73.7	56.9	182	72.0	55.0	294	84.7	64.6
Extractive	2	100.0	50.0	3	-----	-----	5	60.0	40.0
Electric, gas and water	2	100.0	100.0	4	100.0	75.0	4	50.0	50.0
Transportation other than railroad	-----	-----	-----	1	100.0	100.0	3	66.7	66.7
Communication	3	33.3	33.3	4	100.0	50.0	4	75.0	50.0
Financial and real estate	36	47.2	27.8	34	35.3	11.8	51	72.5	52.9
Commercial and other	57	84.2	71.9	84	67.9	51.2	163	87.1	68.7
Regulation A, all industries	109	86.2	68.8	190	81.6	68.4	299	87.0	67.2
Manufacturing	79	91.1	73.4	145	80.7	69.0	208	89.4	70.7
Extractive	1	100.0	100.0	-----	-----	-----	-----	-----	-----
Electric, gas and water	1	100.0	100.0	-----	-----	-----	1	100.0	100.0
Transportation other than railroad	-----	-----	-----	-----	-----	-----	3	66.7	66.7
Communication	1	100.0	100.0	-----	-----	-----	1	-----	-----
Financial and real estate	12	83.3	75.0	15	93.3	66.7	9	55.6	55.6
Commercial and other	15	60.0	33.3	30	80.0	66.7	77	85.7	59.7

[1] Number for which price quotations were available. In this table an offering combining stock sold for the account of the issuer and for others than the issuer is classified according to the major seller, and is counted as 1 issue. Unit offerings, i.e., 2 or more issues offered together at a single price, are excluded.

TABLE IV-34.—*Distribution of unseasoned common stock offerings selling at a premium in the after-market by selected industry groups*

[Offerings for cash sale, 1959-61]

	1959			1960			1961		
	Number with prices [1]	Percent at premium immediately	Percent still at premium 1 month later	Number with prices [1]	Percent at premium immediately	Percent still at premium 1 month later	Number with prices [1]	Percent at premium immediately	Percent still at premium 1 month later
Total	118	87.3	70.3	198	83.3	68.2	309	88.3	68.2
Aerospace	5	80.0	60.0	6	83.3	83.3	14	92.9	78.6
Vending machines	2	[2]	[2]	5	100.0	90.0	12	100.0	91.7
Boat building and repairing	4	100.0	75.0	12	66.7	41.7	5	60.0	20.0
Electronics and electrical equipment	74	89.2	64.9	119	83.2	70.6	156	88.5	69.3
Photography	9	88.9	88.9	6	83.3	83.3	23	87.0	52.2
Plastics and synthetic products	11	90.9	90.9	8	87.5	75.0	14	78.6	50.0
Printing and publishing	3	100.0	100.0	9	77.8	77.8	18	94.4	72.2
Scientific instruments and research	8	87.5	87.5	18	100.0	77.8	43	97.7	83.7
Sporting goods and amusements	2	50.0	50.0	15	73.3	33.3	24	70.8	50.0

[1] Number for which price quotations were available. In this table an offering combining stock sold for the account of the issuer and for others than the issuer is classified according to the major seller, and is counted as 1 issue. Unit offerings, i.e., 2 or more issues offered together at a single price, are excluded.

[2] Less than .05 percent.

NOTE.—Table includes issues registered under Securities Act of 1933 or exempt under regulation A.

TABLE IV–35.—*Distribution of registered and exempt unseasoned common stock offerings by price immediately after offering and price on Sept. 30, 1962*

[Offerings for cash sale, 1961]

Ratio of market price at or near Sept. 30, 1962, to offering price	Ratio of market price immediately after offering to offering price							
	More than 100 percent above offering price		1 to 100 percent above offering price		At or below offering price		All	
	Number of issues [1]	Percent of total	Number of issues [1]	Percent of total	Number of issues [1]	Percent of total	Number of issues [1]	Percent of total
Total:								
More than 100 percent above offer price	6	8.4	21	3.5	-----	-----	27	3.4
51 to 100 percent above offer price	7	9.7	29	4.8	4	3.3	40	5.1
26 to 50 percent above offer price	5	6.9	33	5.5	3	2.5	41	5.2
1 to 25 percent above offer price	8	11.1	60	10.0	1	.8	69	8.7
At or below offer price	46	63.9	457	76.2	112	93.4	615	77.6
All issues	72	100.0	600	100.0	120	100.0	792	100.0
Registered:								
More than 100 percent above offer price	6	15.4	12	3.1	-----	-----	18	3.5
51 to 100 percent above offer price	3	7.7	22	5.6	3	3.5	28	5.5
26 to 50 percent above offer price	4	10.2	24	6.2	2	2.3	30	5.8
1 to 25 percent above offer price	3	7.7	52	13.3	1	1.2	56	10.9
At or below offer price	23	59.0	280	71.8	79	93.0	382	74.3
All issues	39	100.0	390	100.0	85	100.0	514	100.0
Regulation A:								
More than 100 percent above offer price	-----	-----	9	4.3	-----	-----	9	3.2
51 to 100 percent above price	4	12.1	7	3.3	1	2.9	12	4.3
26 to 50 percent above offer price	1	3.0	9	4.3	1	2.9	11	4.0
1 to 25 percent above offer price	5	15.2	8	3.8	-----	-----	13	4.7
At or below offer price	23	69.7	177	84.3	33	94.2	233	83.8
All issues	33	100.0	210	100.0	35	100.0	278	100.0

[1] Number for which price quotations were available. In this table an offering combining stock sold for the account of the issuer and for others than the issuer is classified according to the major seller, and is counted as 1 issue. Unit offerings, i.e., 2 or more issues offered together at a single price, are excluded.