

# REGISTRATION UNDER THE SECURITIES ACT OF 1933

R. W. GOLDSCHMIDT\*

## I

Since July 1933, no new issue of securities in excess of \$100,000 of a domestic corporation (other than a common carrier or a commercial bank) or of a foreign corporation or government with few exceptions to be mentioned presently, can lawfully be offered or sold in interstate commerce unless effectively registered under the Securities Act of 1933. Effective registration, which is controlled by the Securities Act and the rules and regulations of the Securities and Exchange Commission thereunder, includes the filing of a registration statement requiring detailed information about the issue to be registered and summary information about the issuer. On the basis of these registration statements, statistics of new issues effectively registered have been compiled from July 1933 to July 1934 by the Federal Trade Commission, and since August 1934 by the Research Division of the Securities and Exchange Commission. The statistics usually are released during the latter half of each month to cover registrations which have become effective during the preceding month.

The statistics of registrations contain so much more material on new issues than has been hitherto available to those compiling statistics of issues that they are bound to become the major source of information in this field. Their general use, however, has been hampered by two factors which to a large extent are inherent in their nature as by-products of administrative procedure. First, certain types of new issues, detailed in Section II are not included. Second, the statistics are based exclusively on the registration statements which are documents giving registrants the right to offer and sell the securities covered thereby. The registration statements, of course, do not contain information about actual sales of registered securities, which can take place only after the statement has become effective. The figures tabulated by the Securities and Exchange Commission, therefore, represent compilations of registered intentions to sell securities rather than statistics of actual sales of securities. This problem will be discussed in Section III.

\* Ph.D. 1927; Research Fellow, Brookings Institution, 1930-1931; Senior Financial Economist, Securities and Exchange Commission. The author acknowledges indebtedness to Mr. Nathan Sameth, Miss Elaine S. Hosp and Mr. Ernest A. Grant, of the staff of the Research Division of the Securities and Exchange Commission, who prepared the statistical analysis of registered issues on which this article is based.

## II

Sections 3 and 4 of the Securities Act of 1933 define in detail which categories of securities and which types of offerings are exempt from registration. The chief categories of new issues thus exempt are securities issued or guaranteed by the United States Government or by any political subdivision within the United States, securities issued by a religious, educational or charitable non-profit organization, securities issued by a common carrier or by a commercial bank, securities issued with the approval of the court in certain exchanges or reorganizations, securities sold only within the state where the issuer is incorporated, issues with an aggregate value of less than \$100,000 and issues not involving any public offering.

It would thus seem that securities registered under the Securities Act of 1933 represent only a rather limited part of the total new issues. However, sufficient information is available to the Commission with regard to most types of exempt issues to enable it to follow the trends in the field of exempt issues and to evaluate the influence of the different types of exempt issues on the capital market, and on the markets for registered securities. Important details relating to new issues by common carriers have to be reported to the Interstate Commerce Commission, while the Securities and Exchange Commission has organized the collection of information on securities under \$100,000 and on issues sold privately. Thus, of the categories of exempt corporate issues there are only two, *viz.*, intrastate issues of domestic corporations and issues of bank stocks for which the Commission has to rely exclusively on the information available in newspapers and financial services.

Of all categories of exempt corporate issues, securities not offered publicly, but sold privately to a small number of buyers (so-called private placings) have been the most important during the three years since the Securities Act was enacted. The Research Division of the Commission has been sending a short questionnaire to every company which is reported in the financial press to have placed an issue privately. From the replies to such questionnaires, it appears that in the three years ending September 30, 1936, a total of almost \$800,000,000 of securities in about 110 individual issues has been placed privately. This compares with about \$7,250,000,000 of securities in about 1,450 individual statements registered during the same period under the Securities Act of 1933. Approximately 25% of all private placings have been registered by the issuers under the Securities Act of 1933 either before or—as more often happens—after sale, thereby reducing the amount of unregistered private placings of which the Commission has knowledge to somewhat above \$565,000,000 in about 90 issues, or 8% of all registered issues. Table I showing unregistered private placings when compared to securities registered under the Securities Act of 1933 indicates that private placings attained their largest relative importance in the second half of 1934 and in the first half of 1935 when they were equivalent to 29% and 27%, respectively, of securities registered. Approximately 50% of all private

TABLE I. PRIVATE PLACINGS OF CORPORATE SECURITIES<sup>1</sup> (EXCLUDING RAILS)  
 January, 1934-September, 1936  
 (In Thousands of Dollars)

Year and Month	TOTAL		SECURITY TYPE		CLASSIFICATION OF ISSUERS		
	Number of Issues	Amount	Bonds and Notes	Stocks	Public Utility	Industrial	Miscellaneous
<i>1934</i>							
January.....	2	\$ 12,000	\$ 12,000	\$ .....	\$ 12,000	\$ .....	\$ .....
February.....	1	2,000	.....	2,000	2,000	.....	.....
March.....	1	1,247	1,247	.....	1,247	.....	.....
April.....	1	654	.....	654	.....	.....	.....
May.....	1	6,500	6,500	.....	.....	6,500	.....
June.....	2	10,315	10,315	.....	6,315	4,000	.....
July.....	1	10,000	10,000	.....	10,000	.....	.....
August.....	2	1,146	.....	1,146	.....	1,146	.....
September.....	6	48,903	48,763	140	19,323	29,140	440
October.....	3	5,076	5,076	.....	2,086	2,990	.....
December.....	3	.....	.....	.....	.....	.....	.....
TOTAL.....	20	\$ 97,841	\$ 93,901	\$ 3,940	\$ 53,625	\$ 43,776	\$ 440
<i>1935</i>							
January.....	7	\$ 45,805	\$ 45,805	\$ .....	\$ 453	\$ 22,602	\$ 22,750
February.....	2	38,950	38,950	.....	1,950	37,000	.....
March.....	1	450	450	.....	450	.....	.....
April.....	4	6,808	5,050	1,758	3,808	3,000	.....
May.....	3	33,190	33,190	.....	33,190	.....	.....
June.....	7	51,431	51,431	.....	21,181	28,000	2,250
July.....	4	13,403	13,403	.....	10,403	3,000	.....
August.....	7	31,778	31,778	.....	24,378	7,400	.....
September.....	4	16,180	16,180	.....	1,550	14,630	.....
October.....	4	24,690	24,690	.....	21,690	3,000	.....
November.....	4	30,800	30,800	.....	14,800	16,000	.....
December.....	1	3,500	3,500	.....	3,500	.....	.....
TOTAL.....	48	\$296,985	\$295,227	\$ 1,758	\$137,353	\$134,632	\$ 25,000
<i>1936</i>							
January.....	3	\$ 36,050	\$ 36,050	\$ .....	\$ 35,000	\$ 1,050	.....
February.....	2	8,650	8,650	.....	.....	8,650	.....
March.....	4	24,286	23,100	1,186	16,600	7,686	.....
April.....	1	7,000	7,000	.....	.....	7,000	.....
May.....	.....	.....	.....	.....	.....	.....	.....
June.....	3	14,500	14,500	.....	3,000	11,500	.....
July.....	7	75,090	75,090	.....	65,019	10,071	.....
August.....	.....	.....	.....	.....	.....	.....	.....
September.....	1	5,500	5,500	.....	5,500	.....	.....
(Nine months)	.....	.....	.....	.....	.....	.....	.....
TOTAL.....	21	\$171,076	\$169,890	\$ 1,186	\$125,119	\$ 45,957	.....
GRAND TOTAL.....	89	\$565,901	\$559,018	\$ 6,883	\$316,097	\$224,364	\$ 25,440

<sup>1</sup> Registered private placings excluded.

placings have been issued by electric utilities, oil companies ranking second with about 15%. Practically all of the privately placed issues were high grade bonds but a few debentures and preferred stocks were interspersed. On the average, a private issue was sold to about five buyers. Life insurance companies constituted by far the most important class of buyers of private placings, taking approximately two-thirds of the issues for which detailed figures are available to the Commission.

Under Commission Rule 202 issuers of securities in excess of \$30,000, but not aggregating over \$100,000, are required to file certain data with the Commission, although they need not furnish all of the material required for full registration. On the basis of these data, it appears that the total value of such securities offered for sale in interstate commerce has amounted to about \$2,000,000 to \$3,000,000 per month during the current year. It aggregated about \$13,400,000 during the year 1934, \$25,500,000 during the year 1935 and \$23,600,000 during the first nine months

of 1936, or less than 1 per cent of fully registered issues. These figures refer to issuers' intentions and it is most likely that actual sales of issues of this type have amounted only to a fraction of the totals filed with the Commission. No information is available on issues below \$30,000, but the aggregate amount of such issues offered publicly is most probably negligible.

### III

The totals of new securities effectively registered, which total more than \$7,250,000,000<sup>2</sup> from the date the Securities Act became effective to September 30, 1936, overstate the amount of actual sales of such securities for two reasons: (1) certain securities are registered which are not intended for immediate cash sale by the issuer, and (2) not all registered securities intended for immediate cash sale are actually sold.

Securities not intended for immediate cash sale are of considerable importance. During the two years from October 1, 1934 to September 30, 1936 registered securities not intended for immediate cash sale for account of the issuers totaled approximately \$1,040,000,000 out of a grand total of effective registrations of new securities of about \$6,350,000,000, or approximately 16.4%. The total of securities not intended for immediate cash sale is made up of three chief classes.

(1) Securities registered by the issuer for account of others. These registrations are for securities already outstanding, but not held by the issuer, which may or may not be intended for immediate cash sale by the owners. Registrations of this type totaled about \$290,000,000, or less than 5% of total registrations of new securities during the period from October 1, 1934 to September 30, 1936.

(2) Securities reserved for conversion, the exercise of options and for other subsequent issuance. The securities reserved for conversion—about \$350,000,000—represent duplications of other securities being registered at the same time which they will supersede on the exercise of the conversion privileges. During the period from October 1, 1934 to September 30, 1936, slightly above \$500,000,000 of securities, or almost 8% of total registrations, were for securities reserved for conversion, options or other subsequent issuance.

(3) Securities to be exchanged by issuers for other assets, amounting to over \$250,000,000, or 4% of all registrations of new securities during the two years ending September 30, 1936. More than nine-tenths of securities in this group consisted of securities to be exchanged for other securities either of the issuer or of others.

Details about the various types of securities registered but not intended for immediate cash sale by the issuer may be found in Table IV. It has not been possible

<sup>2</sup> This figure excludes about \$39,000,000 of securities in 47 statements which have been registered but which have been withdrawn (33 statements) or otherwise deprived of effectiveness (14 statements) after the date of their original effective registration up to September 30, 1936. Total filings for new securities up to September 30, 1936 amounted to about \$8,200,000,000 in 1986 statements. These figures include in addition to issues effectively registered as at September 30, 1936, all issues (whether previously effective or not) withdrawn (269 statements for about \$300,000,000) or deprived of effectiveness and (117 statements for about \$560,000,000) under examination at that date.

to segregate the securities not intended for immediate cash sale from securities to be offered for cash in certain tabulations (for instance, those on the type and the industry of registered securities given in Tables II and III). However, securities not intended for immediate cash sale do not enter into the tabulations of estimated net proceeds given in Table V which, therefore, represent the amount of cash which registrants intended to raise through the sale of registered securities.

When a registered issue is fully and unconditionally underwritten, it can always be assumed that the issuer receives the full amount of the expected net proceeds and that the securities are sold for cash in their entirety to investors even if distribution may take some time and the underwriters may have to make concessions from the price originally contemplated. The only exception, the failure of the underwriting banking house to live up to its commitments, is so rare as to be negligible. For issues underwritten the registration statistics may be assumed to indicate correctly the actual amount of sales and the actual net proceeds to the issuer. It is, therefore, important to know that securities underwritten have constituted the great majority of total securities registered since the spring of 1935. For the first nine months of 1936, for instance, 76% of all registered securities were underwritten. The proportion of securities underwritten during the first half of 1936 came very near to 100% for utility companies, 90% for transportation and communication companies, and about 70% for industrial corporations. However, it fell to about 8% for financial companies and to only 2% for mining companies. Before the spring of 1935, on the other hand, a large part of the total securities registered was not underwritten, but was intended to be distributed by the issuers directly or through agents.

In order to obtain at least a reasonable approximation to the actual volume of sales of registered securities not underwritten, the Research Division early in 1936 began to send out to registrants, other than seasoned companies, short questionnaires requesting information about actual sales of issues not sold to underwriters. The results of the replies received up to date which generally cover sales up to December 31, 1935 of securities registered before June 30, 1935 are rather remarkable. Of all registered securities not underwritten other than issues of investment companies, considerably less than 20% was actually sold. For investment companies, which represent the majority of all registered securities not underwritten, the proportion is about 25%, although the determination of the exact ratio between securities registered and securities sold is particularly difficult here because of the existence of authorized but unsold blocks of securities in July 1933 which could be sold through continuous offering without registration after the effective date of the Securities Act; if these blocks could be excluded, the proportion of sales to registrations would be considerably lower.

On the basis of the material collected through these follow-up questionnaires, it may be estimated very roughly that out of total registrations of new securities up to September 30, 1936 of about \$7,250,000,000—a figure which excludes securities

registered which were later withdrawn or deprived of effectiveness—certainly more than \$1,000,000,000 and possibly as much as \$1,300,000,000 were not sold in addition to about \$1,150,000,000 of registered securities not intended for immediate cash offering. This leaves cash sales of registered securities of less than \$5,000,000,000. Until registrants are requested to submit regularly a report on the progress of sales of registered securities the safest method for anybody analyzing the statistics of registration is probably to take only the amounts underwritten (which are given in Table V of the Commission's monthly release on registration statistics) and to add thereto a fraction of the registered securities to be sold directly by issuers or through agents.

#### IV

Securities issued in reorganizations and in exchange transactions, except as exempt under Section 3(a)(7) and 3(a)(10) of the Securities Act—*i.e.*, broadly speaking securities issued with the approval of a court or a governmental agency—have to be registered, and the Securities and Exchange Commission publishes monthly a few summary tables of such registrations. However, reorganization and exchange securities registered under the Securities Act constitute what is, from an economic point of view, only a more or less arbitrary selection of all issues of this type. This is, therefore, hardly an occasion for an analysis of these statistics which now constitute Tables VI and VII of the Commission's monthly release. Total registrations of such reorganization or exchange securities have amounted to about \$480,000,000 up to September 30, 1936, practically none of which represents new money raised by registrants.

#### V

Within the limits discussed in detail in Sections II and III the statistics of effectively registered securities give a more detailed picture of the American new issue market than has been available hitherto. The chief results of these statistics have been summarized in Tables II-V. The first shows the total estimated gross proceeds of all effective registrations of new securities classified by the chief industries. The second presents a break-down of the same total by types of securities. Both Table II and Table III include securities not intended for immediate cash sale. Table IV details the securities not intended for immediate cash sale and thus reduces the total gross registrations of new securities to registered securities to be offered for cash sale; it further shows the estimated costs of distribution of the securities registered ending with the estimated net cash proceeds to be raised by the issuers through the sale of registered securities. The distribution of the estimated net proceeds according to purposes is then shown in Table V. Tables II and III cover the entire period since the Securities Act became effective, *i.e.*, the months of July 1933 to September 1936; Tables IV and V start only with September 1934 when the Research Division of the Securities and Exchange Commission rearranged and extended the compilations of the Federal Trade Commission. The omission of the months from

July 1933 to August 1934 from Tables IV and V<sup>1</sup>, however, is not a very serious matter because out of about \$7,250,000,000 of securities registered up to September 30, 1936, less than \$1,000,000,000 were registered from July 27, 1933 to August 31, 1934.

## VI

A glance at any of the tables will show that there have been two sharply distinct periods in the registration of new securities under the Securities Act. During the first period which ran from July 1933 to February 1935 the volume of registrations was relatively small and investment companies and mining companies predominated among the issuers. Registrations during this period amounted to about \$1,100,000,000 or not much over \$50,000,000 per month and about \$1,750,000 per statement. Moreover, it may be estimated that only the minority of the securities registered during that period has actually been sold,—probably not more than about \$400,000,000, a monthly average of hardly \$20,000,000. Registrations during the second period beginning with March 1935 have totalled over \$6,200,000,000 up to September 30, 1936, a monthly average of over \$320,000,000 and an average of over \$7,100,000 per statement. The great majority of registrations during this period—exclusive, of course, of securities not registered for immediate cash sale—has actually been sold. Total cash sales during this period probably reach nearly \$4,500,000,000 or an average of about \$240,000,000 per month.

While investment companies and mining companies predominated during the first period, electric utilities and manufacturing industries (particularly steel and oil) have accounted for the great majority of all registrations since the spring of 1935. The predominance of utilities and manufacturing industries would be considerably more pronounced than indicated in Table II if the compilation could be made on the basis of actual sales rather than on the basis of registrations. The reason for the rather sharp change in the distribution of total registrations among the chief industries, of course, is the revival of the bond market which definitely started early in 1935 and has continued up to date, and which has centered hitherto on refunding issues.

The same tendencies are reflected in the change of the type of securities registered as shown in Table III. Up to the spring of 1935 common stocks and certificates of participation (used instead of common stock in certain investment companies), for the most part not underwritten, contributed the great majority of all registered securities accounting for about 70% of the total for the first 20 months of registrations under the Securities Act. For about a year from the spring of 1935 fixed interest securities dominated the picture aggregating about 73% of all registrations from March 1935 to February 1936. It is only during the last few months that preferred stocks and common stocks (most of which were underwritten) have been registered in considerable amounts by seasoned issuers, indicating the reaching of another step in the full reopening of the capital market.

<sup>1</sup> Tables II-V will be found commencing on p. 28, *infra*.

From an economist's point of view possibly the most interesting information and that where the statistics of registration represent the greatest advance over the data previously available, is provided by the statistics of the distribution of net proceeds summarized in Table V. During the first period through February 1935, almost 67% of the total estimated net proceeds of registered new securities was intended for investment in securities, representing almost the totality of registrations by investment companies. About 15% of the total was intended to be used for repayment of indebtedness, 10% for working capital and only about 6% for the acquisition of plant and equipment. If it were possible to base the compilations on actual expenditures instead of registrants' estimates, which are known not to have been realized in a great number of cases, the absolute and relative amount of funds raised by the sale of registered new issues used in the acquisition of investment securities and to a lesser degree of those used to increase working capital or to acquire additional capital assets would undoubtedly be much smaller than that indicated in the statistics of registration with an equivalent increase of the proportion used for the repayment of indebtedness. During the second period beginning with March 1935 and ending with September 1936 the repayment of indebtedness completely dominated the picture. According to the registration statements approximately 76% of total net proceeds from the sale of securities registered during that period were intended to be used for the repayment before or at maturity of bonds, notes, and other indebtedness or for the retirement of preferred stock. Investment in securities with about 11% of the total came next, followed by working capital with about 8%, and plant and equipment with about 4%. Here again the proportion of total net proceeds used for the repayment of indebtedness (including retirement of preferred stock) would be higher if the calculations could be based on actual expenditures; the ratio in that case probably would rise to about 90% of the total.

There has been much discussion of the amount of money raised by new issues of securities during this recovery for the purpose of enlarging the productive equipment of the country. The statistics of registrations give only a partial answer to this question. They indicate that in the 39 months to September 30, 1936, during which the Securities Act of 1933 was in effect, registrants intended to use about \$250,000,000 out of the expected total net proceeds of registered new securities for the acquisition of plant, equipment and machinery, and that they further intended to use about \$500,000,000 to increase their working capital. Very little is known about the actual amounts expended by registrants on plant or equipment and working capital. However, it is likely that actual expenditures were considerably below intended expenditures. Even if intentions are discounted only to a small degree and if it is assumed that the majority of money raised for working capital finally finds its way into capital goods, the total amount of money actually raised by registered securities and used to provide additional capital goods can hardly have amounted to more than about \$500,000,000, *i.e.*, not much over \$10,000,000 per month. This is obviously an item of very small importance in relation to the total amount of money spent



each year in the United States on new durable goods. However, intended expenditures on plant and equipment and working capital have increased considerably in absolute amounts and in relation to total net proceeds of registered securities during recent months; they aggregated about \$225,000,000, or 33% of the total, during the third quarter of 1936, compared with \$230,000,000, or 19%, during the second quarter and \$70,000,000 or 8% during the first quarter of the year. Moreover, expenditures on plant and equipment are sometimes made out of current funds for which the registrant's treasury is reimbursed, or out of short term credits which are repaid out of the proceeds of a later issue. Such expenditures are included in the statistics under repayment of indebtedness if not clearly segregated in the registration statement with the result that expenditures on plant and equipment as shown in the statistics understate their actual amount.

## VII

The change in the character of registered new issues which occurred in the spring of 1935 is finally reflected clearly in the development of the cost of distribution which is made up, on the one hand, of the underwriting or agency commissions and, on the other, of technical expenses coincident with an issue such as legal and accounting fees, stamp taxes, transfer agent's fees, etc. In the early months of the Securities Act, the average cost of distribution ran well over 10% of the estimated total gross proceeds of an issue. The actual ratio of costs of distribution to total receipts from sale of securities was still considerably higher than this, a reduction of the costs of issuance in step with the failure to sell the entire registered issue not being feasible in many cases. Average costs of distribution fell to about 4% when large refunding issues began to predominate and have continued around that level until early in 1936 when the increase of stock issues—which always entail a higher selling commission—forced this ratio slightly upward. The statistics show that approximately 80% of the total estimated expenses of issuance and distribution represent the cost of underwriters' or agents' commissions, leaving about 20% for all other expenses which include the costs of preparing the registration statement. In view of the numerous discussions of the additional cost of registration it may be of interest that various rather careful estimates made on the basis of registration statements filed with the Commission indicate that such additional costs are on the average below  $\frac{1}{2}\%$  of gross proceeds for issues above \$1,000,000 and probably do not amount to even  $\frac{1}{4}\%$  at the present time. They are, of course, relatively heavier for small issues, but the same relationship between costs of issuance and size of issue obtained before the Securities Act became effective. Moreover, it is very likely that the publicity provisions of the Securities Act and the general influence of the work of the Commission have reduced the costs of underwriting and other forms of distribution to a degree more than sufficient to offset completely any additional expenditures caused through registration. There is, therefore, no basis for the statement that the costs of registration have been a factor of importance in the relatively tardy reopening of the capital market, which has characterized the present recovery.

TABLE II. NEW SECURITIES EFFECTIVELY REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION CLASSIFIED BY INDUSTRIES  
(Estimated Gross Proceeds in Thousands of Dollars)

Month and Year	Extractive Industries	Manufacturing Industries	Financial and Investment	Transportation and Communication	Electric Light and Power, Gas and Water	Other <sup>1</sup>	TOTAL
<b>1933</b>							
July.....	\$ 925	\$ 770	\$ 161,961	\$ .....	\$ .....	\$ .....	\$ 163,656
August.....	4,655	1,674	34,628	.....	.....	.....	40,957
September.....	1,652	12,814	4,272	.....	.....	787	19,525
October.....	1,465	17,130	12,940	542	6,228	850	39,155
November.....	5,594	12,277	56,816	.....	.....	1,443	76,130
December.....	5,874	22,991	31,152	.....	2,500	25	62,542
MONTHLY AVERAGE.....	\$ 3,361	\$ 11,276	\$ 50,295	\$ 90	\$ 1,455	\$ 517	\$ 66,994
<b>1934</b>							
January.....	\$ 969	\$ 11,057	\$ 54,187	\$ .....	\$ .....	\$ 556	\$ 66,769
February.....	6,174	8,627	29,101	.....	30,000	2,038	75,940
March.....	3,606	6,160	12,413	.....	.....	2,538	24,717
April.....	5,381	19,610	78,898	.....	8,667	3,013	115,569
May.....	6,117	5,051	5,910	.....	.....	2,385	19,463
June.....	461	5,394	48,611	.....	187	330	54,983
July.....	600	5,390	51,445	.....	43,500	602	101,537
August.....	2,748	21,291	13,851	.....	.....	3,346	41,236
September.....	1,282	1,379	30,783	.....	2,374	186	36,004
October.....	803	4,164	4,500	.....	20,100	.....	29,567
November.....	150	1,424	12,982	.....	9,600	10,391	34,547
December.....	3,861	1,017	34,938	.....	.....	425	40,241
MONTHLY AVERAGE.....	\$ 2,679	\$ 7,547	\$ 31,468	\$ .....	\$ 9,536	\$ 2,151	\$ 53,381
<b>1935</b>							
January.....	\$ 1,750	\$ .....	\$ 7,310	\$ 150	\$ 1,730	\$ 104	\$ 11,044
February.....	525	880	34,513	.....	875	50	36,843
March.....	6,603	45,136	24,257	.....	52,175	1,845	130,016
April.....	3,827	18,589	59,026	.....	72,755	400	154,597
May.....	892	89,033	18,802	10,089	20,415	977	140,208
June.....	5,341	52,260	9,764	.....	123,382	1,884	192,631
July.....	1,518	210,669	95,695	19,634	199,034	3,925	530,475
August.....	15,616	54,303	76,905	.....	32,182	75,056	254,062
September.....	5,060	150,532	9,888	.....	153,269	1,125	319,874
October.....	2,883	70,594	110,441	52,037	163,011	7,121	406,087
November.....	5,322	68,604	14,384	240	193,422	7,800	289,772
December.....	28,784	36,954	18,709	46,835	35,553	45,250	212,085
MONTHLY AVERAGE.....	\$ 6,510	\$ 66,463	\$ 39,974	\$ 10,749	\$ 87,317	\$ 12,128	\$ 223,141
<b>1936</b>							
January.....	\$ 6,578	\$ 163,121	\$ 28,754	\$ 2,720	\$ 27,810	\$ 46,713	\$ 275,696
February.....	3,971	60,703	36,190	700	95,675	14,850	212,089
March.....	425	177,998	49,910	12,767	237,182	105,109	583,391
April.....	12,221	263,893	71,822	155,176	204,400	43,501	751,013
May.....	10,327	128,500	95,818	.....	79,003	5,671	319,319
June.....	6,372	232,075	69,348	1,467	197,350	16,827	523,439
July.....	3,701	61,402	106,654	22,002	158,605	10,561	362,925
August.....	3,521	55,473	114,140	2,767	49,516	60,605	286,022
September.....	2,958	116,052	56,456	3,861	79,998	755	260,080
MONTHLY AVERAGE.....	\$ 5,564	\$ 139,913	\$ 69,899	\$ 22,384	\$ 125,504	\$ 33,844	\$ 397,108

<sup>1</sup>Includes securities of foreign governments and municipalities.

TABLE IV. REDUCTION OF ESTIMATED GROSS PROCEEDS TO NET PROCEEDS, BY MONTHS, OF NEW SECURITIES REGISTERED FOR ACCOUNT OF ISSUERS AND FULLY EFFECTIVE  
SEPTEMBER 1, 1934-SEPTEMBER 30, 1936  
(In Thousands of Dollars)

	Sept. 1934	Oct. 1934	Nov. 1934	Dec. 1934	Jan. 1935	Febr. 1935	March 1935	April 1935	May 1935
Gross proceeds of all effective securities.....	36,004	29,567	34,547	40,241	11,044	36,843	130,016	154,597	140,208
Gross proceeds of effective securities not now intended to be offered for sale by issuers:									
Registered for "account of others".....	.....	1,350	440	.....	1,730	174	5,295	5,143	10,231
Reserved for conversion.....	1,412	691	.....	450	250	.....	.....	19,146	7,370
Reserved for subsequent issue against options and warrants.....	6,788	.....	.....	.....	.....	.....	.....	3	1,294
Reserved for other subsequent issuance.....	5	.....	1,895	.....	.....	.....	5	.....	.....
To be issued against claims, etc.....	.....	375	.....	.....	.....	50	.....	66	20
To be issued for tangible and intangible assets.....	262	42	.....	2,370	.....	.....	135	.....	.....
To be issued in exchange for other securities.....	2	52	7	626	4	600	.....	24,917	.....
TOTAL not now intended to be offered for sale by issuers.....	8,469	2,510	2,342	3,446	1,984	824	5,435	49,275	18,915
Gross proceeds of securities now intended to be offered for sale by issuers.....	27,535	27,057	32,205	36,795	9,060	36,019	124,581	105,322	121,293
Selling and distributing expenses:									
Commissions and discount to underwriters and agents.....	( <sup>1</sup> )	1,166	1,486	2,495	1,164	2,708	4,155	3,916	4,779
Other selling and distributing expenses.....	( <sup>1</sup> )	159	550	454	153	55	994	878	979
TOTAL selling and distributing expenses.....	3,009	1,325	2,036	2,949	1,317	2,763	5,149	4,794	5,758
Estimated Net Proceeds.....	24,526	25,732	30,169	33,846	7,743	33,256	119,432	100,528	115,535

(<sup>1</sup>) Breakup of figures for September 1934 not available.

TABLE III. NEW SECURITIES EFFECTIVELY REGISTERED WITH THE SECURITIES AND EXCHANGE  
 COMMISSION CLASSIFIED BY TYPE OF ISSUE  
 (Estimated Gross Proceeds in Thousands of Dollars)

Month and Year	Common Stocks	Preferred Stocks	Certificates of Participation, Etc.	Secured Bonds	Debentures and Short-Term Notes	TOTAL
<b>1933</b>						
July.....	\$127,186	\$ 16,158	\$ 18,812	\$ 1,500	\$ .....	\$163,656
August.....	28,183	5,238	6,086	.....	1,450	40,957
September.....	11,514	3,794	3,412	500	305	19,525
October.....	20,325	6,147	2,866	4,577	5,240	39,155
November.....	61,927	4,063	2,550	6,109	1,481	76,130
December.....	53,412	4,927	3,650	.....	553	62,542
MONTHLY AVERAGE.....	\$ 50,424	\$ 6,721	\$ 6,229	\$ 2,114	\$ 1,505	\$ 66,994
<b>1934</b>						
January.....	\$ 58,653	\$ 6,417	\$ 1,699	\$ .....	\$ .....	\$ 66,769
February.....	51,635	5,980	3,075	250	15,000	75,940
March.....	14,948	8,805	2,264	.....	700	24,717
April.....	91,050	1,829	14,444	2,246	6,000	115,569
May.....	14,055	2,008	3,300	100	100	19,463
June.....	21,469	20,717	7,110	187	5,500	54,983
July.....	20,304	3,052	34,531	150	43,500	101,537
August.....	35,302	985	4,849	100	.....	41,236
September.....	25,579	746	7,337	.....	2,342	36,004
October.....	3,435	2,500	2,578	854	20,200	29,567
November.....	4,537	300	10,250	9,600	9,860	34,547
December.....	7,608	1,632	12,759	18,237	5	40,241
MONTHLY AVERAGE.....	\$ 29,048	\$ 4,581	\$ 8,516	\$ 2,643	\$ 8,592	\$ 53,381
<b>1935</b>						
January.....	\$ 5,742	\$ 1,367	\$ 3,935	\$ .....	\$ .....	\$ 11,044
February.....	83	2,380	32,505	875	1,000	36,843
March.....	10,744	769	21,828	96,675	.....	130,016
April.....	37,235	32,316	2,767	74,764	7,515	154,597
May.....	27,690	2,034	205	81,229	29,050	140,208
June.....	35,247	4,514	.....	121,382	29,488	192,631
July.....	77,427	25,550	25,961	352,253	49,284	530,475
August.....	24,986	28,547	11,502	102,181	90,846	254,062
September.....	62,151	16,713	6,235	157,026	77,749	319,874
October.....	25,425	31,047	83,700	182,357	83,558	406,087
November.....	55,309	7,080	1,505	194,092	31,786	289,772
December.....	41,286	20,873	4,777	89,930	55,219	212,085
MONTHLY AVERAGE.....	\$ 33,611	\$ 14,099	\$ 16,243	\$121,230	\$ 37,958	\$223,141
<b>1936</b>						
January.....	27,278	3,125	11,027	214,916	19,350	275,696
February.....	27,113	31,464	13,708	98,679	41,125	212,089
March.....	81,519	28,794	7,442	334,715	130,921	583,391
April.....	168,638	53,974	35,373	378,435	113,593	751,013
May.....	88,913	31,505	13,713	79,118	106,070	319,319
June.....	120,487	77,317	1,300	159,700	164,635	523,439
July.....	84,066	15,131	32,898	170,987	59,843	362,925
August.....	92,750	35,728	4,560	45,634	107,250	286,022
September.....	76,140	29,270	17,212	127,919	9,539	260,080
MONTHLY AVERAGE.....	\$ 85,212	\$ 34,034	\$ 15,259	\$179,011	\$ 83,592	\$397,108

TABLE IV. REDUCTION OF ESTIMATED GROSS PROCEEDS TO NET PROCEEDS, BY MONTHS, OF  
 NEW SECURITIES REGISTERED FOR ACCOUNT OF ISSUERS AND FULLY EFFECTIVE  
 SEPTEMBER 1, 1934-SEPTEMBER 30, 1936  
 (In Thousands of Dollars)

June 1935	July 1935	Aug. 1935	Sept. 1935	Oct. 1935	Nov. 1935	Dec. 1935	Jan. 1936	Febr. 1936	March 1936	April 1936	May* 1936	June 1936	July 1936	Aug. 1936	Sept. 1936
92,631	530,475	254,062	319,874	406,037	289,772	212,085	275,696	212,089	583,391	751,013	319,318	523,439	362,925	286,022	260,079
5,597 21,540	1,924 22,259	1,724 615	1,177 28,409	22,574 5,209	3,902 33,364	5,690 6,467	11,459 1,755	1,529 4,839	55,221 9,593	42,023 49,912	19,560 12,075	20,269 70,433	26,704 6,037	18,733 26,647	22,905 22,882
.....	24,000	5,348	1,200	1,475	1,200	3,429	1,181	9,323	21,852	2,219	7,534	12,196	8,007	12,319	2,989
58	493	2	.....	6	.....	75	500	202	15,606	5,466	41	669	3,000	11,282	.....
515	10	94	28	58	.....	.....	7	130	.....	39	.....	.....	.....	66	113
.....	4,997	18,197	15,985	6,618	.....	223	2,405	20,028	6,009	38,008	17,919	34,051	4,732	7,452	14,702
27,710	53,683	26,655	75,570	35,941	38,981	15,884	17,301	36,151	108,281	137,814	57,212	137,618	48,550	77,384	63,591
64,921	476,792	227,407	244,304	370,146	250,791	196,201	258,395	175,938	475,110	613,199	262,106	385,821	314,375	208,638	196,488
4,659 1,198	14,993 3,376	6,537 1,388	6,069 1,951	13,935 2,185	7,955 2,042	8,499 1,290	9,955 1,515	6,735 1,318	13,764 2,794	19,204 3,820	8,889 1,926	10,160 3,768	12,139 2,442	6,505 1,170	7,713 1,452
5,857	18,369	7,925	8,020	16,120	9,997	9,789	11,470	8,053	16,558	23,024	10,815	13,928	14,581	7,675	9,165
59,064	458,423	219,482	236,284	354,026	240,794	186,412	246,925	167,885	458,552	590,175	251,291	371,893	299,794	200,963	187,323

TABLE V. PROPOSED USES OF NET PROCEEDS, BY MONTHS, OF NEW SECURITIES REGISTERED FOR ACCOUNT OF ISSUERS AND FULLY EFFECTIVE SEPTEMBER 1, 1934-SEPTEMBER 30, 1936  
(In Thousands of Dollars)

	Sept. 1934	Oct. 1934	Nov. 1934	Dec. 1934	Jan. 1935	Febr. 1935	March 1935	April 1935	May 1935
Organization and development expenses.....			126	156	77		366	802	108
Purchase of:									
Real estate.....		320			5		2	203	47
Plant and equipment.....	1,021	697	45	1,157	975	561	1,643	1,320	9,790
Other assets.....	204	4	6,387	557	5		20	46	601
Securities for investment.....	20,322	4,070	11,060	13,542	6,349	30,310	22,212	9,969	14,482
TOTAL purchase of assets.....	21,547	5,091	17,492	15,256	7,334	30,871	23,877	11,538	24,920
Increase of working capital.....	2,058	284	4,310	761	274	1,776	1,033	8,091	10,954
Retirement of preferred stock.....									
Reimbursement of loans used for capital expenditures.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Repayment of bonds and notes.....		19,688	7,835				85,955	74,898	69,904
Repayment of other debt.....	922	470	220	17,673	57	609	7,811	5,192	9,649
TOTAL repayment of indebtedness.....	922	20,158	8,055	17,673	57	609	93,766	80,090	79,553
Miscellaneous and unaccounted for.....		199	186				390	7	
TOTAL.....	24,527	25,732	30,169	33,846	7,742	33,256	119,432	100,528	115,535

	PERCENT OF TOTAL								
Organization and development expenses.....			0.4	0.5	1.0		0.3	0.8	0.1
Purchase of:									
Real estate.....		1.2			0.1		0.0	0.2	0.0
Plant and equipment.....	4.2	2.7	0.1	3.5	12.6	1.3	1.4	1.3	8.5
Other assets.....	0.8	0.0	21.2	1.6	0.1		0.0	0.1	0.5
Securities for investment.....	82.9	15.8	36.7	40.0	82.0	91.1	18.6	9.9	12.6
TOTAL purchase of assets.....	87.9	19.7	58.0	45.1	94.8	92.9	20.0	11.5	21.6
Increase of working capital.....	8.4	1.1	14.3	2.2	3.5	5.3	0.9	8.0	9.4
Retirement of preferred stock.....									
Reimbursement of loans used for capital expenditures.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Repayment of bonds and notes.....		76.5	26.0				72.0	74.5	60.5
Repayment of other debt.....	3.7	1.8	0.7	52.2	0.7	1.8	6.5	5.2	8.4
TOTAL repayment of indebtedness.....	3.7	78.3	26.7	52.2	0.7	1.8	78.5	79.7	68.9
Miscellaneous and unaccounted for.....		0.9	0.6				0.3	0.0	
TOTAL.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

(1) Amounts proposed for reimbursement of loans for capital expenditures, if any, are included in totals to be applied toward repayment of other debt.

(\*) Tables II-V will be found commencing p. 28, 30, *infra*.

