



State of Utah

DEPARTMENT OF COMMERCE DIVISION OF SECURITIES

Protecting Investors; Promoting Commerce

Michael O. Leavitt
Governor
Douglas C. Borba
Executive Director
S. Anthony Taggart
Division Director

160 East 300 South
P.O. Box 146760
Salt Lake City, Utah 84114-6760
(801) 530-6600 • FAX (801) 530-6980
e-mail: security@br.state.ut.us
http://www.commerce.state.ut.us

September 15, 1999

George Gulla, Vice President
McGraw-Hill Companies, Inc.
55 Water Street, 43rd Floor
New York, NY 10041-0003

Re: Standard & Poor's, a Division of The McGraw-Hill Companies, Inc.
Request for Interpretive Opinion File #006-7046-50/B00149019

Dear Mr. Gulla:

This letter responds to your letter dated August 4, 1999, and a letter from David B. Stafford dated December 12, 1997. In your letters, you request the Utah Division of Securities ("Division") to confirm that it will recognize the electronic versions of Standard & Poor's Corporation Records to the same extent as the print version for purposes of Utah's manual exemption statute.

"Securities Manual" is not defined by the Utah Uniform Securities Act ("Act"). However, the Division has the authority to define by rule or interpretive opinion any term not defined by the Act.

Based upon the representations contained in your letter and the letter of Mr. Stafford, the staff of the Division confirms that it will recognize the electronic versions of Standard & Poor's Corporation Records to the same extent as the print version for purposes of Utah's Manual Listing Exemption found at § R164-14-2b of the Utah Administrative Code. So as to avoid unnecessary restatement or summarization of the facts set forth in your letter, the Division's response is attached to a photo copy of your letter.

Because this opinion is based upon the representations made to the Division, it should be noted that any different facts or conditions of a material nature might require a different conclusion. Please note that this opinion relates only to the referenced request and shall have no value for future similar factual circumstances.

Very truly yours,

UTAH DIVISION OF SECURITIES

Sharon A. Abbott
Supervisor of Corporate Finance

55 Water Street, 43rd Floor
New York, NY 10041-0003
Tel 212 438 4797
Fax 212 438 4790

George A. Gulla
Vice President

Standard & Poor's

A Division of The McGraw-Hill Companies



August 4, 1999

Mr. S. Anthony Taggart, Director
Securities Division
Utah Division of Securities
Herber M. Wells Building
P. O. Box 146760
Salt Lake City, Utah 84114-6760

Dear Mr. Taggart:

I am writing on behalf of Standard & Poor's, a division of The McGraw-Hill Companies, Inc., the publisher of Standard & Poor's Standard Corporation Records ("Corporation Records").

In December 1997, Standard & Poor's approached your offices requesting your consideration of the electronic formats of Corporation Records as "recognized manuals" for purposes of manual exemption.

We would like to make you aware of some enhancements being made to both the print and electronic formats of Corporation Records and once again ask for your acceptance of the electronic formats.

I. Description of Editorial Changes

Effective August 1999, Standard & Poor's will implement certain changes that are intended to enhance Corporation Records. Instead of being published in several books organized by alphabetical sequence (A-B, C-E etc.), as it is currently, Corporation Records will be published once per month in a single book that contains all updated companies with names beginning A through Z. There will be no change to the Daily News Section, which will continue to be published every business day.

Under the enhanced monthly update schedule, users will receive Corporation Records consisting of those companies (A through Z) whose descriptions have been updated since the last publication or previous month. The companies will be arranged in alphabetical order for easy look-up. An index section will also accompany each monthly update. The index will be cumulative, covering the entire universe of companies covered in Corporation Records, and will reference the month of publication and the page number for each description.

Switching to an A through Z format allows Standard & Poor's to deliver updated descriptions more quickly, without the need to time the delivery of updates based on the letter of the alphabet that begins the company's name. In addition, each description will be expanded to include not only a company's annual financial information, but also its most recent quarterly earnings.

These changes are in response to numerous clients in the industry requesting a more timely and efficient product that better serves the needs of the marketplace. The improved publishing cycle will allow dissemination of more timely information while creating a reference tool that is accessible in an easy monthly filing format. Corporation Records will, we believe, become user-friendlier. Filing of inserts will no longer be necessary, and users will more easily be able to use older volumes for historical reference.

These changes will also allow Standard & Poor's to enhance the electronic formats of Corporation Records — CD Advantage, our CD-ROM product offering and NetAdvantage, our Internet product offering. As new information is received on a company, Standard & Poor's will be able to immediately update its database and make the information available electronically.

A special preview of Corporation Records can be viewed on the NetAdvantage demo site at:

<https://www.netadvantage.standardpoor.com/demo>

II. Manual Exemption – Interpretive Request

Standard & Poor's would like to request Utah to confirm that it will recognize the electronic, CD-ROM and Internet versions of Corporation Records as a recognized securities manual for purposes of Utah's manual exemption statute.

For close to 40 years, the manual exemption from State securities registration requirements has been available in various U.S. jurisdictions and is at present widely relied upon by the brokerage community to facilitate secondary market trading. Currently, there are 35 jurisdictions in the U.S. that recognize Corporation Records as a recognized securities manual. The question is whether the term "Manual" in Utah's statute should be deemed to include electronic dissemination of the same information included in the printed version of the publication. The statute itself does not expressly address this issue, most likely because print was the only medium of distribution utilized at the time the statute was enacted.

The technological advances in the publishing industry, advancements in disseminating information, and the resulting prevalence of electronic filings, electronic trading and self underwritten offerings on the Internet, lead Standard & Poor's to request that Utah's manual exemption be deemed to cover electronic formats of Corporation Records, the print version of which has traditionally qualified as a recognized securities manual.

G. Standard & Poor's Editorial Process and Policies

To assist Utah in considering the issue, we would like to offer a brief summary of Standard & Poor's rigorous editorial processes that are designed to ensure that Corporation Records contains high quality objective data and information for use by the investing public. The substantial goodwill associated with the Standard & Poor's name and the value of our franchise motivates us

to devote significant time, effort and energy to the publishing of each edition of Corporation Records. The data received from a company seeking a listing is subjected to examination by a senior member of the Standard & Poor's Editorial Board. The two senior members of our Editorial Board have over 35 and 20 years of experience, respectively. After this initial examination, each company is then subjected to the additional review of two separate editorial units of Standard & Poor's -- the Descriptions Unit and the Financial Statement Unit.

No company will be added or retained in Corporation Records unless Standard & Poor's receives audited financial statements. This applies to initial public offerings as well as to existing public companies. Additionally, companies that have recently completed a major reorganization must submit financial statements that accurately reflect the restructuring before being included in the publication.

A company must submit new information to Standard & Poor's at least once per year. Standard & Poor's policy is to delete a company rather than reprint outdated information. In addition, in order to maintain its listing, a company is required to place Standard & Poor's on its mailing list or otherwise assure that Standard & Poor's receives the company's annual and interim reports, proxy statements, SEC filing statements and press releases as they are issued. In the event that audited financial statements and other required information are not received and Standard & Poor's is unable to retrieve documentation from other sources (e.g., EDGAR), a phone call is made to the company requesting such information. If a company's does not comply with the follow-up request and we are unable to obtain the necessary information, the company is removed from Corporation Records.

Blind pool/shell corporations are not included in Corporation Records. A company that has no current operating business or one that does not document its business intent with appropriate financial statements is not listed. A company description that is being revised for its current audited financial statement period is reviewed by Standard & Poor's Editors. If no business is apparent, the company is returned to a member of the Editorial Board for review and possible deletion if the company is deemed to have no operating business.

H. Standard & Poor's Request

Our faith in the effectiveness of the above-described screening process forms the basis for our request that CD-ROM and Internet versions of Corporation Records be accepted as recognized securities manuals under Utah's statute, together with the print version thereof.

With the growing popularity of retrieving information through computers at home and in the workplace, and the increasing popularity of the Internet, it would seem to be an opportune time to allow the investing community access to a manual that is "recognized" in all its formats. The benefits of electronic distribution are significant, including broad and timely dissemination of objective information, which would be accessible by all individual investors in order to make investment decisions.

As a prominent financial publisher, Standard & Poor's takes great pride in the quality of the information we publish. Our efforts to serve the investment community in a more timely and efficient manner and to meet the needs of investors are among the factors that led Standard & Poor's to make the changes outlined above

We are aware of the changes that are taking place in the regulation of smaller microcap issues and appreciate that there have been difficulties in the past with the sale of "penny stocks". We believe that, to the extent that greater amount of information is made available to the investing public, in an easy to read concise format, it will reduce the risk of such fraud.

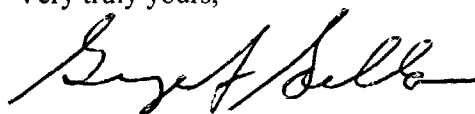
Finally, since the data and information contained in the electronic versions of Corporation Records will be the same as, and indeed, more timely than, the print version, Standard & Poor's can see no reason why such versions should not be deemed a recognized securities manual to the same extent as the print version. We hope that Utah shares this view.

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We would like to thank you and your staff for taking the time to consider the matters discussed in this letter. If you have any questions about our editorial changes to Corporation Records or Standard & Poor's request concerning the manual exemption, or would like to receive a demo disk for Corporation Records on CD-ROM, please feel free to contact Dolores Devine or Michael Antinoro at 212-438-2000, or the undersigned at 212-438-4797.

Of course, consistent with our past policy with respect to the print version of Corporation Records, State Securities Commissioners will be given free access to the format or formats of their choice, simply by requesting it.

Very truly yours,



George Gulla
Vice President