

January 9, 1998

David B. Stafford

The McGraw-Hill Companies

1221 Avenue of the Americas

New York, New York 10020-1095

Re: Request for Interpretative Opinion of Ark. Code Ann. § 23-42-504(a)(2)  
No. 98-001

Dear Mr. Stafford:

The Department acknowledges receipt of your letter of December 12, 1997, requesting an interpretative opinion of the "manual exemption" pursuant to Ark. Code Ann. § 23-42-504(a)(2) and Rule 504.01(A)(2) of the Rules of the Arkansas Securities Commissioner (the "Rules"). The manual exemption identifies Standard & Poor's Standard Corporation Records (the "Corporation Records") as a recognized securities manual. Standard & Poor is providing Corporation Records in CD-ROM and on-line formats and is considering electronic dissemination via the Internet. Your letter raises the question of whether the electronic dissemination of the same information via the Internet, CD-ROM, and on-line formats are recognized as securities manuals under the Arkansas Securities Act (the "Act") and the Rules.

The statute does not expressly address this issue, most likely because print was the only medium of distribution utilized at the time the statute was enacted. You represent that the electronic formats of the Corporation Records are extracted from the same database and contain the same information included in the printed version and, as a result, the information has been subjected to the same review process. The benefit of electronic distribution is the broad dissemination of the information which would be accessible by more individual investors allowing them to make informed investment decisions. Since the requirements of the exemption appear to be met by Corporation Records by both the print and electronic formats, there would seem to be no reason why the "manual exemption" provided for by Ark. Code Ann. § 23-42-504(a)(2) would not also be available for the electronic formats.

Please be advised the opinions set forth herein are restricted to formats described and have no precedential value whatsoever. Different facts and circumstances may, and often will, effect the outcome of a determination by the department.

Best regards,

Mac Dodson  
Securities Commissioner