

D.C. BRIEFS

Internet Broadcasts
Get SEC Approval

The SEC has approved an offbeat plan that allows issuers to promote securities using the Internet but avoid all the regulatory restraints, according to a report in *The Wall Street Journal*.

The new rule comes from a recent decision to allow a company, Net Roadshow Inc., to distribute prospectuses about new securities issued by companies and underwriters in audio form over the Internet. According to the decision, the procedure may only be used to sell securities issued under SEC Rule 144a, a law that allows issuers to sell securities to investors such as pensions and mutual funds without registering the sales with the SEC. (For most securities offerings, sales must be registered.)

And, because the pitch for these securities is done orally, restrictive securities laws governing prospectus materials do not apply. The SEC regulates radio and television broadcasts like prospectuses, but the agency has not yet decided how to regulate on-line transmissions.

Amex Diamonds Trade 12
Million Shares in Two Weeks

Trading volume of "Diamonds," the American Stock Exchange's latest investment product, reached more than 12 million shares by the end of the second week of trading.

Such a result makes Diamonds the most successful new product launch in Amex history. Some 1.7 million shares changed hands on the product's opening day, followed by more than 6.9 million shares during the rest of the first week's trading.

Diamonds are unit investment trusts that gather a portfolio of stocks from the Dow Jones Industrial Average and track their performances. Diamonds are the first and only security that allows investors to buy and sell shares of a portfolio representing all 30 stocks in the Dow.

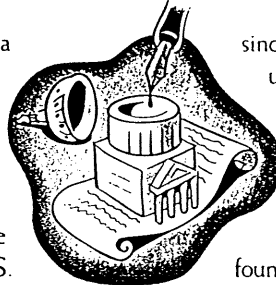
Merrill Can't Force Arbitration on Sex Discrimination Claims

Merrill Lynch cannot force a former financial consultant to settle a sex discrimination claim through arbitration, according to a ruling by a federal judge in Boston.

The ruling, by Judge Nancy Gertner of the U.S. District Court in Boston, came in a case brought by Susan Rosenberg, a former financial consultant at Merrill Lynch's Wellesley, Mass., office. She alleged that her supervisor sexually harassed her in March 1994. She also claimed that when Merrill fired her two months later, citing poor job performance, her dismissal was due to sex discrimination. Merrill denies both the allegations.

In April 1997, Gertner ordered additional discovery and "amicus briefs," from sources such as the Equal Employment Opportunity Commission, to determine whether Rosenberg, as a condition of her employment, was obliged to waive her right to sue in federal court.

Securities firms have taken employee disputes to mandatory arbitration ever



By Roland Jones

since the U.S. Supreme Court upheld the practice in 1991. But Judge Gertner found that arbitration did not apply to Rosenberg's claim, which falls under Title VII of the Civil Rights Act. Gertner also found that the rules that govern arbitral procedure in the Big Board's arbitration system are "dominated by the securities industry," and so cannot meet the minimum standards of arbitral procedure.

According to Rosenberg's attorney Mark Redlich, the judge's decision was "fair" and "well-thought-out" and will enable his client to take her case to federal court.

Bill Halldin, a spokesperson for Merrill Lynch, says the firm is currently reviewing the judge's decision. Merrill also released a statement emphasizing the firm's commitment to "a new dispute resolution process," providing employees with "a full range of options" for resolving employee disputes. But whether or not Merrill plans to allow employees to take their claims to court is still not clear.

SIA Rejects 'Year 2000' Holiday

Having originally endorsed the proposal, the Securities Industry Association recently rejected a plan to make Dec. 31, 1999, a trading holiday.

On Jan. 20, 1998, the SIA's board approved an industry-wide holiday for the financial services industry. At first, the SIA believed that a day off—which would mean a longer gap between the end of one year and the beginning of the next—would give firms extra time to complete year-end processing and prepare computers for the transition to the year 2000.

But the SIA withdrew its endorsement after the Federal Reserve Board's decision on Jan. 28, 1998, not to approve the holiday. A spokesperson for the SIA said that the plan had been reliant on the cooperation of everyone in the financial services industry, including the banking sector.