

ment that foreign underwriters participating exclusively in distributions of securities to non-residents of the U.S. register as broker-dealers.

Foreign securities dealers are often asked to participate in a U.S. underwriting or selling syndicate. Although the Securities and Exchange Commission has attempted on a case-by-case basis to free such foreign dealers from the necessity to register as broker-dealers, enough uncertainty remains to make this situation an impediment to the successful distribution of U.S. securities abroad. There should be no requirement for foreign brokers to register even though they may belong to an underwriting or selling group, other members of which are engaged in the distribution of the same securities in the United States.

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*Recommendation No. 6:*

U.S. investment bankers should include foreign banks and securities firms as underwriters, whenever possible, or as selling group members in new offerings and secondary distributions of either domestic or foreign securities.

The inclusion of foreign banks and securities firms as members of the underwriting groups for domestic or foreign securities would directly involve them in the responsibility for the successful distribution of a portion of the offerings abroad.

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*Recommendation No. 7:*

U.S. investment bankers and brokerage firms should organize the underwriting and distribution of dollar-denominated foreign securities issues so that the maximum possible amount is sold to investors abroad.

In the past several years, sales to foreigners of new securities issues underwritten in the United States have been primarily foreign government and foreign corporate bonds (including convertible debt securities) denominated in U.S. dollars. Since the proposal of the interest equalization tax, however, such issues in the U.S. capital market have been practically nonexistent. When final action has been taken on the tax and the market for newly issued foreign securities reopens, U.S. investment bankers should endeavor