

increased manipulation. In fact, narrow-based index options impose the same maintenance requirement of nine stocks. The Commission does not believe that the creation of a nine stock index, as opposed to a ten stock index, will lead to increased manipulation, per se, provided the other listing criteria are satisfied. The Commission notes that this requirement precludes the issuance of index warrants pursuant to the accelerated listing procedures upon any index comprised of less than nine stocks.

The Commission believes that the accelerated listing procedures will provide a sufficient opportunity for it to examine narrow-based index warrant products based on new indexes (which require that a filing be made pursuant to Section 19(b)(3)(A) of the Act). Specifically, the Commission believes that the seven day prefiling requirement gives the Commission staff an opportunity to discuss with the Exchange whether its proposal to list and trade particular narrow-based index warrants properly qualifies for effectiveness upon filing. In addition, the Commission finds that the 30 day delay in the commencement of trading of proposed narrow-based index warrants will provide a meaningful opportunity for public comment prior to the commencement of trading, while also providing the Exchange with the opportunity to inform market participants in advance of the proposed trade date for new index warrants. In accordance with Section 19(b)(3)(C) of the Act, if the Commission determines that the rule change proposal is inconsistent with the requirements of the Act and the rules and regulations thereunder, the 30 day delay would allow the Commission to abrogate the rule change before trading commences, which will minimize disruption on market participants. This authority could be utilized if, for example, it is determined that the proposed narrow-based index warrant does not satisfy the applicable accelerated listing standards.

The Commission believes that the adoption of these proposed uniform listing and trading standards for narrow-based index warrants will provide an appropriate regulatory framework. These standards will also benefit the Exchange by providing it with greater flexibility in structuring narrow-based index warrant issuances and a more expedient process for listing narrow-based index warrants without further Commission review pursuant to Section 19(b) of the Act. As noted above, additional Commission review of specific warrant issuances will generally only be required for warrants overlying

any non-approved narrow-based index that has not been previously approved by the Commission for narrow-based index warrant or options trading. If Commission review of a particular warrant issuance is required, the Commission expects that, to the extent that the warrant issuance complies with the uniform criteria adopted herein, its review should generally be limited to issues concerning the newly proposed index. This should help ensure that such additional Commission review could be completed in a prompt manner without causing any unnecessary delay in listing new narrow-based index warrant products.

The Commission finds good cause for approving the proposal, as amended, prior to the thirtieth day after the date of publication of notice thereof in the Federal Register in order to allow the NYSE to begin listing narrow-based stock index warrants without delay. As discussed above, the proposal is nearly identical to those submitted by several other SROs.²¹ These other narrow-based stock index warrant proposals were subject to the full notice and comment period and no comment letters were received in response. The Commission notes that the filing, as amended, brings the NYSE's proposal into conformity with those of the other exchanges. Accordingly, the Commission does not believe the filing, as amended, raises any new or unique regulatory issues.

For these reasons, the Commission believes there is good cause, consistent with Section 19(b)(2)²² of the Act, to approve the Exchange's proposal, as amended, on an accelerated basis.

V. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Person making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, NW.,

Washington, DC. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to the file number in the caption above and should be submitted by August 14, 1996.

It therefore is ordered, pursuant to Section 19(b)(2) of the Act,²³ that proposed rule change (SR-NYSE-95-42) is approved, as amended.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²⁴

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-37450; File No. SR-NYSE-96-11]

Self-Regulatory Organizations; the New York Stock Exchange, Inc.; Order Granting Approval To Proposed Rule Change Relating to Procedures for Public Release of Information by Its Listed Companies

July 17, 1996.

I. Introduction

On May 7, 1996, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to amend its rules governing the procedures followed by its listed companies for disseminating material news or information to the public.

The proposed rule change was published for comment in Securities Exchange Act Release No. 37237 (May 22, 1996), 61 FR 26943 (May 29, 1996). No comments were received on the proposal.

II. Description of the Proposal

The Exchange's timely disclosure procedures require listed companies to release to the public any news or information which might reasonably be expected to materially affect the market for their securities. Section 202.06(B) and Section 202.06(C) of the Exchange's Listed Company Manual currently requires listed companies to disseminate material news to Dow Jones & Company, Inc. ("Dow Jones") and

²³ 15 U.S.C. § 78s(b)(2) (1988).

²⁴ 17 CFR § 200.30-3(a)(12) (1994).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

²¹ See *supra* note 3.

²² 15 U.S.C. § 78s(b)(2) (1988).

Reuters Economic Services ("Reuters"). Listed companies are encouraged, though not required, to promptly distribute news releases to Bloomberg Business News ("Bloomberg"). It is common practice today among many listed companies to disseminate material news to Dow Jones, Reuters and Bloomberg.

The Exchange proposes to amend this rule to require listed companies to disseminate news or information which might reasonably be expected to materially affect the market for their securities to Bloomberg, in addition to Dow Jones and Reuters. According to the NYSE, Bloomberg's news network has dramatically expanded in recent years and reaches a broad base of equity participants and related subscribers.³

III. Discussion

After careful consideration of the NYSE's proposal, and based on the belief that Bloomberg is a widely used news service organization within the investing community, the Commission finds that the NYSE's proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange. In particular, the Commission believes the proposal is consistent with Section 6(b)(5)⁴ of the Act, which requires, among other things, that the rules of an exchange be designed to promote just and equitable principles of trade, and to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Commission believes that it is reasonable for the NYSE to require its listed companies to distribute material news releases to Bloomberg as well as Dow Jones and Reuters as currently required. As previously stated, Bloomberg is a 24-hour, global news service which instantaneously transmits more than 3,000 stories daily to over 140,000 on-line customers from its 63

bureaus around the world; and, its news byline regularly appears in more than 160 flagship newspapers throughout the U.S., Europe and Asia.

The Commission believes that approval of the NYSE's proposal to amend Section 202.06(B) and Section 202.06(C) of its Listed Company Manual to mandate the dissemination of material news to Bloomberg will provide the public with an additional source for obtaining information about NYSE listed companies, thereby improving the public's ability to assess the suitability of these companies for various investment purposes. Expanding the list of required news services to include Bloomberg will also increase the probability of the material news being received by those it potentially may impact, and those most likely to be in need of the information.

Moreover, the addition of Bloomberg should facilitate the widespread dissemination of the information within the market place, thus improving the public's ability to be quickly informed about material changes affecting listed companies. Additionally, the mandatory dissemination of material news to Bloomberg will not necessarily impose any undue burden on listed companies because the proposal is simply to codify what NYSE already has stated is a widespread practice of many NYSE listed companies and in any case, any additional burden is minimal. Based on the above, the Commission believes that the proposed amendment is consistent with Section 6(b)(5)⁵ of the Act in that it seeks to promote just and equitable principles of trade, will serve to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public.

IV. Conclusion

For the reasons discussed above, the Commission believes the proposal of the NYSE to amend its rules, contained in Section 202.06(B) and Section 202.06(C) of its Listed Company Manual, which govern the procedures followed by its listed companies for disseminating material news or information to the public is consistent with Section 6(b)(5) of the Act.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁶ that the proposed rule change (SR-NYSE-96-11) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,
Deputy Secretary.
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[Release No. 34-37449; File No. SR-OCC-96-06]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Order Granting Accelerated Approval on a Temporary Basis of a Proposed Rule Change Concerning Equity TIMS

July 17, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on May 31, 1996, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared primarily by OCC. The Commission is publishing this notice and order to solicit comments from interested persons and to grant accelerated approval of the proposed rule change through November 30, 1996.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change will extend the order granting temporary approval of OCC's use of its Theoretical Intermarket Margin System ("TIMS") for calculating clearing margin positions in equity options.²

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, OCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.³

¹ 15 U.S.C. § 78s(b)(1) (1988).

² Equity TIMS is a modified version of OCC'S Non-Equity TIMS, which is OCC'S margin system used to calculate requirements on options for which the underlying asset is anything but an equity security. Securities Exchange Act Release No. 23167 (April 22, 1986), 51 FR 16127 [File No. SR-OCC-85-21] (order approving Non-Equity TIMS).

³ The Commission has modified the text of the summaries prepared by OCC.

³ Information obtained from Bloomberg's Home Page on the internet (www.bloomberg.com) indicates that Bloomberg, an affiliate of Bloomberg Financial Markets, is a 24-hour, global news service which instantaneously transmits more than 3,000 stories daily to over 140,000 on-line customers from its 63 bureaus around the world. It is a full-service news service available on dedicated computer terminals. According to Bloomberg, it provides live coverage of the world's governments, corporations, industries, and all major financial markets. These markets include: government, corporate, and municipal bonds; equity and preferred stocks; commodities; and currencies. In addition, Bloomberg states its news byline regularly appears in more than 160 flagship newspapers throughout the United States, Europe and Asia.

⁴ 15 U.S.C. 78f(b)(5).

⁵ 15 U.S.C. 78f(b)(5).

⁶ 15 U.S.C. 78s(b)(2).

⁷ 17 CFR 200.30-3(a)(12).