

necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street N.W., Washington, D.C. 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 N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of GSCC. All submissions should refer to File No. SR-GSCC-96-10 and should be submitted by November 8, 1996.

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

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-37809; File No. SR-NYSE-96-29]

Self-Regulatory Organizations; New York Stock Exchange Inc.; Notice of Filing of Proposed Rule Change Relating to Stock Distributions

October 10, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on October 10, 1996, the New York Stock Exchange Inc. ("NYSE") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by NYSE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Currently, the NYSE requires listed companies to mail stock certificates to record holders for all distributions, such as stock splits, mergers, and spin-offs, other than those relating to dividend reinvestment plans ("DRIPs") and dividend reinvestment stock purchase plans ("DRSPPs"). The NYSE proposes to rescind this policy. Accordingly, listed companies engaged in distributions will be permitted to offer shareholders whose ownership of stock is directly registered with them or their transfer agents the choice of receiving either certificates or account statements.

The NYSE is proposing to rescind the current policy due to the decreasing importance of physical certificates, the technological enhancements in the automation of stock ownership records, and a recent rule filing by The Depository Trust Company ("DTC") proposing to commence an electronic "direct registration system" ("DRS").² DRS will provide a linkage between transfer agents, broker-dealers, and DTC and will allow an investor to move a stock position from a transfer agent to a broker-dealer in connection with a sale of that stock. As a condition to offering an issuer the choice of sending investors certificates or account statements for distribution other than DRIPs and DRSPPs, the proposed rule change would require the issuer to include its stock in a DRS. Such a DRS must be operated by a registered clearing agency and must be available for exchange-traded stock.

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

In its filing with the Commission, NYSE 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. NYSE has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.³

² In its original filing, DTC proposed that DRS be available only for issuers that, among other things, allows investors holding stock in "street" or nominee name to participate in a company's DRIP. Securities Exchange Act Release No. 37778 (October 3, 1996), 61 FR 52985. In an amendment to the filing, DTC deleted that eligibility requirement. Securities Exchange Act Release No. 37800 (October 9, 1996).

³ The Commission has modified parts of these statements.

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The purpose of the proposed rule change is to rescind the NYSE's policy of requiring listed companies to provide registered holders with share certificates for all stock distributions except for DRIPs and DRSPPs. The NYSE is proposing to rescind this policy in light of changes in the securities marketplace, including the decreasing importance of physical certificates and the technological enhancements in the automation of stock ownership records. The NYSE also is acting in response to the DRS proposal of DTC.

With respect to changes in the marketplace, a declining number of shareholders hold stock certificates. Approximately seventy percent to eighty percent to all outstanding shares of issuers are held in "street" name whereby investors place their securities with a broker-dealer or bank, which registers the securities in its own name as nominee. Investors receive account statements evidencing their securities positions.

In addition, a growing number of investors hold securities through direct registration in their own names on the shareholder register but without receiving certificates. Such investors receive account statements from the issuer or its transfer agent. A major source of such holdings are DRIPs and DRSPPs with at least one thousand public companies are offering these plans.

Permitting listed companies, in effect, to offer their registered holders account statements in lieu of certificates is consistent with technological advancements in account management systems. Today, corporate issuers or their transfer agents maintain automated systems for recording stock ownership. The NYSE believes that registered holders should benefit from this automation and have the opportunity to forego certificates. This follows the practice in other securities markets where account statements are already commonplace, as in the case of securities issued by open-ended investment companies and by the U.S. Treasury Department.

Repealing the policy also is consistent with DRS. DRS will allow investors whose share ownership is recorded directly on the issuer's register the ability to transfer their stock positions electronically to a bank or broker-dealer in connection with a sale. DRS, which will begin with a pilot program later this year, is the result of two year's work.

¹ 15 U.S.C. 78s(b)(1) (1988).

Participating in these efforts were representatives of the Securities Transfer Association, Securities Industry Association, and the Corporate Transfer Association.

DRS will provide significant efficiencies in the processing of securities. In particular, it will facilitate the ability of a registered holder to deliver stock in time to settle a sale within the required three business days. More generally, it will limit the need for the physical transfer of paper certificates and thus will reduce risks, delays, and costs in the clearance and settlement process. For these reasons, the NYSE is proposing that as a condition to a listed company being able to offer registered holders the opportunity to receive account statements in lieu of stock certificates for distributions other than DRIPs and DRSPPs the company must include its stock in an available DRS.

Following the pilot period for DTC's DRS, the NYSE expects that DTC will expand DRS so that it will be available to all NYSE-listed companies. A listed company would need to take steps to meet all eligibility standards for a DRS. For DTC's proposed system this includes the requirement that the company have a transfer agent that participates in DTC's Fast Automated Transfer ("FAST") program.

The proposed rule change is consistent with the requirements of the Act under Section 6(b)(5)⁴ in that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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.

(B) Self-Regulatory Organization's Statement on Burden on Competition

NYSE perceives no impact on competition by reason of the proposed rule change.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

The NYSE has not solicited and does not intend to solicit comments on this proposed rule change. The NYSE has not received any unsolicited written

comments from members or other interested parties.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within thirty-five days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to ninety days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve such proposed rule change or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 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 Room in Washington, D.C. Copies of such filing will also be available for inspection and copying at the principal office of NYSE. All submissions should refer to the file number SR-NYSE-96-29 and should be submitted by November 8, 1996.

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

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-37812; File No. SR-NYSE-96-28]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the New York Stock Exchange, Inc. Relating to Six-Month Extension of Pilot Program to Display Price Improvement on the Execution Report Sent to the Entering Firm

October 11, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on October 8, 1996, the New York Stock Exchange, Incorporated ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The proposed rule change extends for six months (until April 24, 1997) the pilot program most recently extended in Securities Exchange Act Release No. 37151 (April 29, 1996), 61 FR 20302 (May 6, 1996) (File No. SR-NYSE-96-10) (extending pilot until October 24, 1996.)¹ This is a program to calculate and display, on the execution reports sent to member firms, the dollar amounts realized as savings to their customers as a result of price improvement in the execution of their orders on the Exchange.

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

In its filing with the Commission, the self-regulatory organization 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. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

¹ This program was originally filed as a pilot in Securities Exchange Act Release Nos. 36421 (October 26, 1995), 60 FR 55625 (November 1, 1995) (File No. SR-NYSE-95-35) and 36489 (November 16, 1995), 60 FR 58123 (November 24, 1995) (File No. SR-NYSE-95-37).

⁴ 15 U.S.C. 78f (1988).