SR–MSRB–96–5 and should be submitted by July 10, 1996.

For the Commission by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30–3(a)(12).

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–15508 Filed 6–18–96; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 34–37307; File No. SR–NYSE–96–07]

Self-Regulatory Organizations; New York Stock Exchange, Inc.; Order Granting Approval To Proposed Rule Change Relating To Continued Listing Criteria for Capital or Common Stock

June 12, 1996.

On March 18, 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 the criteria for continued listing on the Exchange for capital or common stock.

The proposed rule change was published for comment in Securities Exchange Act Release No. 3707 (Apr. 1, 1996), 61 FR 15548 (Apr. 8, 1996). No comments were received on the proposal.

In 1995, the Exchange amended its domestic listing standards by making changes to the numerical criteria.[3] One of the proposals adopted an alternate demonstrated earnings power standard for companies that have a market capitalization of at least $500 million and revenues of at least $200 million in their most recent fiscal year. Under this new alternative, such companies are able to qualify for listing if their adjusted net income is positive for each of the last three fiscal years and not less than $25 million in the aggregate for such period. At the same time, the NYSE also amended its domestic listing standards by increasing the listing standard regarding aggregate market value of publicly-held shares and net tangible assets from $18 million to $40 million and added an alternate liquidity standard of 500 total stockholders and average monthly trading volume of 1,000,000 shares.[4] When the Commission approved these amendments to the initial listing standards, it noted that the Exchange committed to propose corresponding continued listing criteria.[5]

Currently, Paragraph 802 of the NYSE's Listed Company Manual (''Manual'') sets forth the standards for companies that want their equity securities to remain listed on the Exchange. These standards require companies to maintain the following minimum numerical criteria for their capital or common stock. First, the company must have at least 1,200 holders of 100 shares or more (or of a unit of trading if less than 100 shares). Second, the number of publicly-held shares must be at least 600,000. Third, the aggregate market value of publicly-held shares must be at least $5,000,000. Fourth, the company must have at least $8,000,000 in aggregate market value of shares outstanding (excluding treasury stock) and in net tangible assets available to common stock. The current NYSE continued listing standards, however, do not provide for continue listing standards for companies that were listed by satisfying the alternate demonstrated earnings power standard or under the alternate liquidity standard. In its proposed rule change, the NYSE proposes to adopt new continued listing criteria to parallel the adjusted net income listing standard and to amend its current continued listing criteria to reflect the changes made in 1995 to the initial listing standards.[6]

Adjusted Net Income Continued Listing Criteria

Under the proposal, for companies that are currently valued on a ''cash flow'' basis under Paragraph 102.01 of the Manual, the aggregate market value of shares outstanding, excluding treasury stock, must be at least $25,000,000 and average adjusted net income for the past 3 years must be at least $6,500,000.[7]

Earnings and Liquidity Continued Listing Criteria

Under the proposal, the NYSE will require that the company maintain at least 400 total stockholders or 1,200 total stockholders if the average monthly trading volume in the common stock is less than 100,000 shares for the most recent 12 months.[8] The Exchange will also require that the company maintain an aggregate market value of publicly-held shares of $8,000,000 for its common stock. With respect to earnings, the Exchange proposes to require that the company maintain an aggregate market value of shares outstanding (excluding treasury stock) of at least $12,000,000 and average net income after taxes for the past three years of at least $600,000. The Exchange will also require the net tangible assets available to common stock to be at least $12,000,000 and average net income after taxes for the past 3 years to be at least $600,000.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b).[9] Specifically, the Commission believes the proposal is consistent with the Section 6(b)(5) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public interest; and are not designed to permit unfair discrimination between issuers.

The Commission believes that the development and enforcement of adequate standards governing the listing of securities on an exchange is an activity of critical importance to exchange markets and to the investing public. Listing standards serve as a means for the self-regulatory organizations (''SROs'') to screen issuers and to provide listed status only to bona fide companies with substantial float, investor base, and trading interest to ensure sufficient liquidity for fair and orderly markets. Listing standards also enable an exchange to assure itself of

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[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] See Securities Exchange Act Release No. 35571 (Apr. 5, 1995), 60 FR 18649 (Apr. 12, 1995) (order approving proposed rule change relating to domestic listing standards).

[4] Previously, the NYSE required that the company have at least 2,200 total stockholders together with an average monthly trading volume of 100,000 shares for the most recent six months, or 2,000 round-lot holders.

[5] See Securities Exchange Act Release No. 35571 n. 19 (Apr. 5, 1995), 60 FR 18649 (Apr. 12, 1995).

[6] According to the Exchange, a small number of companies that initially listed on the Exchange by satisfying the minimum aggregate market value of both publicly held shares and net tangible assets before the original listing standards were increased to their current levels are above the current continued listing criteria, but are below the proposed criteria. Upon the Commission's approval of the proposed rule change, the Exchange will notify these companies of the new continued listing criteria and inform such companies that the Exchange expects them to be in compliance with the new criteria within 18 months of their effective date. The Exchange will consider those companies that do not meet these new standards by such date to be below the continued listing criteria at that time.

[7] Companies may currently be valued on a ''cash flow'' basis by either on listing demonstrating earning power by meeting the minimum levels of adjusted income or after being listed on the Exchange switching from a reported income to a ''cash flow'' basis.

[8] As described above, the Exchange currently requires 1,200 *round-lot* holders.

[9] 15 U.S.C. § 78f(b).

the bona fides of the company and its past trading history. In this regard, the Exchange previously proposed, and the Commission approved, amendments to its initial listing standards that provided for an alternate method by which a company could meet the ''demonstrated earnings'' listing standard, increased the numerical criteria for the aggregate market value of both publicly-held shares and net tangible assets, and adopted an alternate shareholder distribution standard for companies whose shares are very actively traded.[10]

With this rule proposal, the Exchange proposes to amend the continued listing criteria for common stock to reflect the amendments made to the initial listing standards in 1995. The Commission believes that adequate maintenance standards are of equal importance to the development of adequate standards for initial inclusion on an exchange. The Commission notes that once an issue has been initially approved for listing, the Exchange must monitor continually the status and trading characteristics of that issue to ensure that it continues to meet exchange standards for trading depth and liquidity.

Specifically, with respect to the new adjusted net income criteria, the Commission believes that it is appropriate to establish specific continued listing criteria that correlate to the alternate method for satisfying the demonstrated earnings requirement of the initial listing standard. Under the new standards, companies that are valued on a ''cash flow'' basis must have at least an aggregate market value of $25,000,000 (which is higher than the proposed standard of $12,000,000 aggregate market value for other companies) as well as satisfy an average adjusted net income for the past three years of $6,500,000.

Under the proposal, the Exchange is also increasing the minimum requirements for aggregate market value of publicly-held shares from $5,000,000 to $8,000,000; aggregate market value of shares outstanding (excluding treasury stocks) from $8,000,000 to $12,000,000; and net tangible assets available to common stock from $8,000,000 to $12,000,000. The Commission believes that these substantial increases significantly upgrade the NYSE's continued listing criteria and strengthen the Exchange's securities listing process by adding continued listing standards that more appropriately correspond to the initial listing standards. Moreover, the Commission believes that the stringent maintenance criteria, established by the rule proposal, should help to ensure the stability of the marketplace, as well as protect investors, by enabling the NYSE to identify listed companies that may not have sufficient liquidity and financial resources to warrant continued listing. This, in turn, will allow the NYSE to take appropriate action.

Finally, the NYSE proposes to amend the investor base and public float requirements of its continued listing criteria. Although the minimum number of investors required has decreased, the Commission believes that establishing a minimum of at least 400 total stockholders in conjunction with an average monthly trading volume of at least 100,000 shares will not significantly weaken the high standards that the Exchange wants to maintain. The requirement for an average monthly trading volume will ensure that listed companies with a smaller shareholder base should have sufficient interest to support a liquid market. Moreover, the Exchange requirement that listed companies have at least 1,200 total stockholders if the average monthly trading volume is less than 100,000 also will ensure that there is sufficient shareholder base to support a liquid market. Although the Exchange previously required at least 1,200 round-lot holders, the Commission believes that the new shareholder distribution standard in conjunction with the updated numerical criteria will permit the Exchange to monitor its listed companies to ensure continued depth and liquidity.

In conclusion, based upon the analysis set forth above, the Commission believes this rule change will continue to ensure that NYSE listed companies have adequate depth and liquidity to support trading on the NYSE. Accordingly, the Commission believes that this rule change adequately protects investors and the public interest.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[11] that the proposed rule change (SR–NYSE–96–07) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[12]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–15576 Filed 6–18–96; 8:45 am]

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[10] See Securities Exchange Act Release No. 35571, *supra* note 3.

[11] 15 U.S.C. 78s(b)(2).

[12] 17 CFR 200.30–3(a)(12).

SMALL BUSINESS ADMINISTRATION

Hartford District Advisory Council Meeting, Public Meeting

The U.S. Small Business Administration, Hartford District Advisory Council will hold a public meeting on Monday, July 1, 1996, at 8:30 a.m. at 2 Science Park, New Haven, Connecticut 06511, to discuss matters as may be presented by members, staff of the U.S. Small Business Administration, or others present.

For further information, write or call Ms. Jo-Ann Van Vechten, District Director, U.S. Small Business Administration, 330 Main Street, Hartford, Connecticut, (860) 240–4670.

Dated: June 12, 1996.

Michael P. Novelli,

Director, Office of Advisory Council.

[FR Doc. 96–15499 Filed 6–18–96; 8:45 am]

BILLING CODE 8025–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

Commercial Space Transportation Advisory Committee—Re-Establishment

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of Commercial Space Transportation Committee Re-establishment.

SUMMARY: Notice is hereby given of the re-establishment of the Commercial Space Transportation Advisory Committee. The committee reviews matters relating to the commercial space transportation industry and provides information, advice, and recommendations on commercial space transportation activities. The functions of the committee are solely advisory and the committee will comply with the provisions of the Federal Advisory Committee Act.

The Secretary of Transportation has determined that the use of the Commercial Space Transportation Advisory Committee is in the public interest in connection with the performance of duties imposed on FAA by law. Meetings of the committee will be open to the public.

FOR FURTHER INFORMATION CONTACT: Brenda Parker (AST–100), Office of the Associate Administrator for Commercial Space Transportation, 400 7th Street, SW., Washington, DC, 20591, telephone (202) 366–2932.