

for all outgoing calls, the date and time of the call and the length of the call).

**AUTHORITY FOR MAINTENANCE OF THE SYSTEM:**

15 U.S.C. 78d; 15 U.S.C. 78w; 5 U.S.C. 301; and 41 CFR subpart 201-21.6.

**ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND THE PURPOSES OF SUCH USES:**

Records and data may be disclosed as necessary (1) to employees of the Office of Inspector General in connection with investigations of employee or contractor misconduct; (2) to employees or contractors of the Commission to determine individual responsibility for telephone calls; (3) to representatives of the General Services Administration or the National Archives and Records Administration who are conducting records management inspections under the authority of 44 U.S.C. 2904 and 2906; (4) in response to a request for discovery or for the appearance of a witness, to the extent that what is disclosed is relevant to the subject matter involved in a pending judicial or administrative proceeding; (5) in a proceeding before a court or adjudicative body to the extent that they are relevant and necessary to the proceeding; (6) in the event that material in this system indicates a violation of law, whether civil, criminal or regulatory in nature, and whether arising by general statute, or by regulation, rule or order issued pursuant thereto, the relevant records may be disclosed to the appropriate agency, whether Federal, State, local or foreign, charged with the responsibility of investigating or prosecuting such violation or charged with enforcing or implementing the statute, or rule, regulation or order, issued pursuant thereto; (7) to a telecommunications company providing telecommunications support to permit servicing the account; (8) to agency management in connection with employees suspected of misuse of Government-provided telephones that might result in the initiation of disciplinary action; and (9) to agency personnel for use in obtaining a sample of callers for follow-up surveys to assess customer service.

**POLICIES AND PRACTICES FOR STORING, RETRIEVING, ACCESSING, RETAINING, AND DISPOSING OF RECORDS IN SYSTEM:**

**STORAGE:**

Records are maintained on computer diskettes, electronic media, and/or hard copy media.

**RETRIEVABILITY:**

Records are retrievable by a Commission telephone number that is

assigned to an individual, by the telephone number called for all outgoing calls, by the date and time of the call, and by the length of the call.

**SAFEGUARDS:**

Records are safeguarded through the use of appropriate computer passwords to restrict access. In addition, floppy disks are kept in a locked room which may only be entered with a pass key.

**RETENTION AND DISPOSAL:**

Records are retained on-site for three (3) years. Thereafter, records will be transferred in accordance with National Archives and Records Administration General Records Schedule 12.

**SYSTEM MANAGER AND ADDRESS:**

Voice Communications Manager, Facilities Branch, Office of Administrative and Personnel Management, Securities and Exchange Commission, Room 2C05, 450 Fifth Street, NW, Washington, DC 20549.

**NOTIFICATION PROCEDURE:**

All requests to determine whether this system of records contains a record pertaining to the requesting individual may be directed to the Privacy Act Officer, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549.

**RECORD ACCESS PROCEDURES:**

Persons wishing to obtain information on the procedures for gaining access to or contesting the contents of these records may contact the Privacy Act Officer, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549.

**RECORD SOURCE CATEGORIES:**

Telephone directory, call detail listing, and requests for call detail information.

**SYSTEMS EXEMPTED FROM CERTAIN PROVISIONS OF THE ACT:**

None.

Dated: September 14, 1995.

By the Commission.

Margaret H. McFarland,

*Deput Secretary.*

[FR Doc. 95-23292 Filed 9-19-95; 8:45 am]

**BILLING CODE 8010-01-P**

[Release No. 34-36225; File No. SR-Amex-95-29]

**Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by American Stock Exchange, Inc., Relating to Debt Listing Standards**

September 13, 1995.

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 July 19, 1995, the American Stock Exchange, Inc. ("Amex" 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 Amex proposes to amend Exchange Rule 703 and Sections 104, 216, 330 and 1003 of the Amex Company Guide.

**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.

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

**1. Purpose**

In light of recent rule changes adopted by the Commission,<sup>1</sup> as well as significant rule changes implemented by the New York Stock Exchange

<sup>1</sup> Recently, the Commission took action to make it easier for exchanges to list debt securities, removing restrictions that existed for listed debt securities but not for over-the-counter traded debt securities. Among other things, the Commission made inapplicable to listed debt certain Commission borrowing restrictions and proxy rules, none of which are applicable to unlisted debt. See Securities Exchange Act Release No. 34922 (November 1, 1994), 59 FR 55342 (November 7, 1994).

("NYSE"),<sup>2</sup> all to facilitate the exchange listing of debt securities, the Amex has similarly reviewed its rules and policies with a view towards making the Exchange more accessible to debt issuers and facilitating the listing of such securities. The Exchange believes that it is important to both investors and companies that the Exchange be able to list debt securities more easily, as an Exchange listing provides debtholders with a transparent auction market for secondary trading.

#### Original Listing Guidelines

Currently, the Amex applies its original listing guidelines<sup>3</sup> in evaluating the listing eligibility of an issuer of debt securities. The Exchange also specifies that the issuer should be able to demonstrate that it appears to be in a financial position sufficient to satisfactorily service the debt issue to be listed. The debt issue should be at least \$5 million in principal amount and aggregate market value, for issuers whose common stock is traded on the Amex or the NYSE, or \$20 million with at least 100 holders, for non-listed issuers. The Exchange will consider delisting a bond issue if the aggregate market value or the principal amount of the bonds publicly held is less than \$400,000.

The Exchange proposes to replace its numerical listing guidelines with new guidelines based on issuer or bond rating status. Under these new guidelines, if an issuer has equity securities listed on the Amex or NYSE, and is in "good standing,"<sup>4</sup> the Exchange will normally list that company's debt securities so long as they have an aggregate market value or principal amount of at least \$5 million. If an issuer does not have equity securities listed on the Amex or NYSE, the Amex will rely (as set forth below) on the analyses of nationally recognized securities rating organizations ("NYSROs"),<sup>5</sup> such as Standard & Poor's or Moody's.<sup>6</sup>

<sup>2</sup>In Securities Exchange Act Release No. 34019 (May 5, 1994), 59 FR 24765 (May 12, 1994), the Commission approved amendments to the NYSE listings standards for debt that were similar to this Amex proposal.

<sup>3</sup>The Exchange guidelines provide for the issuer to have stockholders' equity of at least \$4,000,000 and pre-tax income of at least \$750,000 in its last fiscal year, or in two of its last three fiscal years.

<sup>4</sup>A company is in "good standing" if it is above the relevant continued listing guidelines.

<sup>5</sup>See Securities Exchange Act Release No. 34616 (August 31, 1994), 59 FR 46304 (September 7, 1994) (Concept Release discussing Commission's oversight role with respect to NRSROs).

<sup>6</sup>Like the NYSE, the Exchange will not conduct a review in either instance to determine whether the issuer satisfies its original equity listing guidelines.

Specifically, the Exchange proposes to make the following changes to Section 104 of the Amex Company Guide:

- Eliminate the guideline calling for a debt issuer to satisfy the size and earnings guidelines applicable to issuers listing common stock;
- Eliminate the guideline calling for the issuer to demonstrate that it will be able to satisfactorily service the debt issue to be listed;
- Eliminate the guideline calling for non-listed issuers to have at least 100 holders;
- Permit the Exchange to list a debt issue if it has an aggregate market value or principal amount of at least \$5 million (as opposed to aggregate market value and principal amount of \$5 million);
- Permit the Exchange to list debt securities that are issued or guaranteed by an issuer which has equity securities listed on the Amex or NYSE (or which is affiliated with a listed issuer); and
- Permit the Exchange to list the debt securities of "unaffiliated" issuers<sup>7</sup> if an NRSRO has assigned a current rating to the debt security that is no lower than an Standard & Poor's Corporation "B" rating (i.e., B- or better) or the equivalent rating of another NRSRO. A "B" rating indicates that the debt issuer currently has the capacity to meet interest payments and principal repayments, and that such capacity is not dependent upon favorable business, financial or economic conditions. If no NRSRO has assigned a rating to the issue, an NRSRO must have currently assigned either an investment grade rating (i.e., an S&P or equivalent rating no lower than "BBB-") to a senior issue or a rating that is no lower than an S&P "B" rating (or equivalent) to a *pari passu* or junior issue.<sup>8</sup>

The Exchange is also proposing to be able to list municipal and sovereign bonds (i.e., the debt of foreign governments, American states and localities, or government agencies).<sup>9</sup> The

<sup>7</sup>An "unaffiliated" issuer is one that has no equity securities listed on the Exchange or the NYSE, and is not affiliated with or guaranteed by an issuer of Amex (or NYSE)-listed equity securities.

<sup>8</sup>An S&P debt rating is a current assessment of the creditworthiness of an obligor with respect to a specific obligation. The ratings range from "AAA" to "D." Debt rated "AAA" has the highest rating assigned by S&P because the capacity to pay interest and repay principal is extremely strong. "Investment grade ratings" include bonds rated in the top four categories ("AAA," "AA," "A," and "BBB"). Bonds rated "CCC" or lower are dependent on favorable business, financial or economic conditions to meet timely payments of interest and repayment of principal. Debt rated "D" is in default.

<sup>9</sup>This does not include debt issued or guaranteed by the United States Government or agencies thereof that can be admitted to dealings on the Exchange pursuant to Amex Rule 140.

Exchange will evaluate whether to list these issuers on a case-by-case basis and will treat the issuer as an "unaffiliated" corporate issuer so that the rating guidelines described above will have to be met.

#### Continued Listing Guidelines

The Amex will still consider delisting a debt issue if its aggregate market value or principal amount is less than \$400,000. However, the Exchange proposes to amend Section 1003 of the Amex Company Guide to clarify that any debt issuer that is unable to meet its obligation on the listed debt securities may be delisted. As with all the guidelines in Section 1003, this will permit, but not require, the delisting of the security in such a circumstance. In applying this standard, the Exchange will normally not delist the debt if there is value in the security and continued Exchange trading is in the best interests of investors. However, if an issuer is unable to meet its financial obligations and there is minimal or no value in the security, the Exchange will give serious consideration to delisting the bond issue. The Exchange will also consider delisting debt that was listed based on the issuer being either majority-owned or guaranteed by an Amex or NYSE issuer when the equity securities of such owner or guarantor are delisted.

In the case of debt securities that are convertible into equity securities, the Exchange proposes to review the continued listing of the debt security when the underlying equity security is delisted. The Exchange will delist the convertible bond when the underlying equity security is no longer subject to real-time trade reporting or if the Exchange delists the underlying equity security for violation of any of the Exchange's "corporate governance" guidelines.<sup>10</sup>

#### Listing Procedures

The Exchange also is proposing to simplify the listing process for debt issuers by reducing the number of supporting documents that an applicant must file in support of its debt listing application. In the course of the Exchange's review, several such documents were identified as being either unnecessary, duplicative, or unduly burdensome to issuers.

Specifically, the following changes are proposed to Section 216 of the Company Guide:

- Schedule of distribution—Since the Exchange is proposing to eliminate

<sup>10</sup>The Amex Company Guide contains guidelines regarding, for example, conflicts of interest, independent directors, quorum, and remedies available to bondholders upon default.

distribution (holder) guidelines for debt securities, this schedule will no longer be necessary.

- **Trustee's certificate**—The Exchange currently requires a certificate from the trustee that shows (1) acceptance of the trust; (2) that the securities have been issued in accordance with the terms of the indenture; (3) what disposition has been made of securities redeemed or refunded; (4) that pledged collateral has been deposited; and (5) what disposition has been made of prior obligations. Issuers often complain that it is unduly burdensome for them to obtain the trustee's certificate because many trustees are reluctant to certify the issuer-specific information required by items (2) through (5). Therefore, the Exchange proposes to require that the certificate show only the trustee's acceptance of the trust. This would conform the Exchange's practice to that of the NYSE.

- **Listing resolution**—The Exchange currently requires bond issuers to obtain a resolution of their board of directors authorizing the filing of the listing application. This requirement is often burdensome to comply with, and can delay a listing if the company's board is not scheduled to meet for a month or more. The requirement to obtain a listing resolution is essentially ceremonial in nature and does not serve any significant purpose. Therefore, the Exchange proposes to eliminate this requirement.<sup>11</sup>

It is expected that by making the application process less burdensome, the Exchange will be able to increase the number of debt listings.

## 2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act in general and furthers the objectives of Section 6(b)(5) in particular in that it is designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, remove impediments to and to perfect the mechanism of a free and open market and national market system, and, in general, to protect investors and the public interest.

### *B. Self-Regulatory Organization's Statement on Burden on Competition*

The proposed rule change will impose no burden on competition.

<sup>11</sup> The Commission notes that the NYSE also does not require listing resolutions. Like the NYSE, the Amex requires an opinion of counsel that the issuance of the debt has been approved by the company's board of directors.

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

No written comments were solicited or received with respect to the proposed rule change.

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

Within 35 days of the publication of this notice in the Federal Register or within such other period (i) as the Commission may designate up to 90 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 the 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, 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 at the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the Amex. All submission should refer to File No. SR-Amex-95-29 and should be submitted by October 11, 1995.

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

Margaret H. McFarland,

*Deputy Secretary.*

[FR Doc. 95-23293 Filed 9-19-95; 8:45 am]

**BILLING CODE 8010-01-M**

[Release No. 34-36231; File No. SR-NYSE-95-17]

### **Self-Regulatory Organizations; New York Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to Specialists Displaying the Full Size of Certain Orders**

September 14, 1995

#### I. Introduction

On April 21, 1995, 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")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to issue an Information Memo discussing procedures under exchange rules with respect to the display of limit orders.

The proposed rule change was published for comment in Securities Exchange Act Release No. 35687 (May 8, 1995), 60 FR 25751 (May 12, 1995). No comments were received on the proposal.

#### II. Description

The Exchange proposes to issue an Information Memo outlining its policy with respect to displaying certain orders received by a specialist. The policy requires specialists to display the full size of all orders received through the SuperDOT order routing system and the full size of all orders received by specialists manually that are subsequently entered into the electronic book. This requirement includes increasing the size of a quotation for orders at the same price as the current bid or offer. The policy also sets forth the specialist's responsibility when a member who gives an order requests that less than the full size of the order be shown in the quotation. In that situation, a specialist is only responsible to enter in the electronic book and show the size requested. The portion not requested to be shown will be handled manually as a "held" order, but will be last in terms of time priority to all other orders on the specialist's electronic book at that price. If the specialist is subsequently requested to show an additional portion, or the remainder, of the order, the specialist will enter the price and size into the electronic book, with the order so entered having priority on the book *vis-à-vis* other orders as of the time of entry on the book. The specialist will increase the

<sup>1</sup> 15 U.S.C. 78s(b)(1) (1988).

<sup>2</sup> 17 CFR 240.19b-4 (1994).