

number of holders is less than 100, and the aggregate market value of shares outstanding is less than \$1,000,000.

Moreover, the Exchange is proposing additional requirements for securities that are related to other securities. For stock warrants and CVRs, the NYSE would require that the related security remain listed. For ELDS, the issuer of the linked security must remain subject to the reporting obligations of the Act and the linked security must remain trading in a market in which there is last sale reporting. The Exchange also will require the issuer of specialized debt securities to be able to meet its obligations on such debt. For all specialized securities listed pursuant to paragraph 703 of the Manual, the Exchange will delist any specialized securities if the related or linked securities are delisted for violation of the Exchange's "Corporate Responsibility" criteria in Section 3 of the Manual.⁶

The proposed rule change also eliminates the delisting criteria relating to creation of a class of non-voting common stock. The Exchange believes that these criteria are no longer appropriate because the Exchange currently has listing criteria specifically addressing non-voting common stock. Finally, the proposed rule change would delete the current warrant continued listing criteria and include stock, foreign currency and currency index, and stock index warrants within the new uniform continued listing criteria. The Exchange believes that the continued listing criteria for warrants do not conform to the current warrant listing standards.

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).⁷ 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 the bona fides of the company and its past trading history. In this regard, over the past several years the Exchange has proposed, and the Commission has approved, uniform initial listing standards for specialized securities.

With this rule proposal, the Exchange proposes uniform continued listing criteria to correspond to the initial listing standards adopted for specialized securities. 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 endure that it continues to meet exchange standards for trading depth and liquidity.

In this regard, the Commission believes that the quantitative continuing listing standards for specialized securities will ensure that there is sufficient public float and investor interest in the securities to support continued trading consistent with fair and orderly markets. Further, the additional requirements for specialized securities that are related to other securities should ensure, among other things, that these securities cannot, through continued listing, become a surrogate for trading a security that has been delisted due to corporate responsibility violations.⁸ As described above, for continued listing of stock warrants and CVRs, the Exchange will require that the related security be, and remain, a NYSE listed security. For ELDS, the issuer of the linked security must remain subject to the reporting obligations of the Act and the linked security must remain subject to last sale reporting. The Commission believes that these standards are appropriate under the Act and will ensure that the linked or related securities have adequate transparency and information available and meet certain minimum requirements. With respect to CVRs and stock warrants, the additional requirements should also help to address concerns that such securities will not become a surrogate for trading

other securities not eligible for NYSE listing.

In summary, the Commission believes that the maintenance criteria, established by the rule proposal, should help to ensure the stability of the marketplace, as well as protect investors, by subjecting the securities of an issuer to delisting if the listed security fails to meet the new maintenance standards.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁹ that the proposed rule change (SR-NYSE-96-06) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Margaret H. McFarland,

Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

[License No. 03/03-0205]

Eastern Virginia Small Business Investment Corporation; Notice of Issuance of a Small Business Investment Company License

On July 31, 1995, an application was filed by Eastern Virginia Small Business Investment Corporation, 2101 Parks Avenue, Suite 803, Virginia Beach, Virginia, with the Small Business Administration (SBA) pursuant to Section 107.102 of the Regulations governing small business investment companies (13 C.F.R. 107.102 (1996)) for a license to operate as a small business investment company.

Notice is hereby given that, pursuant to Section 301(c) of the Small Business Investment Act of 1958, as amended, after having considered the application and all other pertinent information, SBA issued License No. 03/03-0205 on May 14, 1996, to Eastern Virginia SBIC to operate as a small business investment company.

(Catalog of Federal Domestic Assistance Program No. 59.011, Small Business Investment Companies)

Dated: May 21, 1996.

Don A. Christensen,

Associate Administrator for Investment.

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⁶Section 3 (Corporate Responsibility) includes, among others, policies concerning voting rights, quorums, and shareholder approval.

⁷ 15 U.S.C. § 78f(b).

⁸ See *supra* note 6 and accompanying text.

⁹ 15 U.S.C. 78s(b)(2).

¹⁰ 17 CFR 200.30-3(a)(12).