

Under section 6(c)(3)(B) of the Act,⁶ it is the Exchange's responsibility to prescribe standards of training, experience and competence for persons associated with Exchange members and member organizations.

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

The Exchange believes that the proposal does not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments with respect to the proposed rule change were neither solicited nor received.

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 longer 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 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, including whether the proposed rule change is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. 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. Copies of the filing will also be available for inspection and copying at

the principal office of the NYSE. All submissions should refer to File No. SR-NYSE-2001-11 and should be submitted by August 22, 2001.

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.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44592; File No. SR-NYSE-00-17]

Self-Regulatory Organizations; New York Stock Exchange; Order Granting Approval of a Proposed Rule Change Relating to the Physical Format Requirements for Securities Certificates

July 26, 2001.

I. Introduction

On May 1, 2000, the New York Stock Exchange ("NYSE") filed with the Securities and Exchange Commission ("Commission") proposed rule change SR-NYSE-00-17 pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and on July 24, 2000, amended the proposed rule change. Notice of the proposal was published in the Federal Register on September 1, 2000.² The Commission received thirty-four comment letters in response to the proposed rule change.³ The Commission

¹ 15 U.S.C. 78s(b)(1).

² Securities Exchange Release No. 43207 (August 25, 2000), 65 FR 53248.

³ Letter to Jonathan G. Katz, Secretary, SEC, from Thomas C. Harris, Deputy Director, Department of the Treasury, Bureau of Engraving and Printing (September 20, 2000) ("Treasury"); Thomas L. Montrone, President and Chief Executive Officer, Registrar and Transfer Company (September 20, 2000) ("Registrar and Transfer"); Ira Horowitz, President, American Bank Note Company, (September 22, 2000) ("American Bank Note I"); Memorandum to File, (September 22, 2000) ("Memo to File I"); Steven G. Nelson, Chairman of the Board, Continental Stock Transfer and Trust Company, (September 28, 2000) ("Continental"); Stewart S. Hudnut, Senior Vice President, Illinois Tool Works, Inc. (September 28, 2000) ("Illinois Tool"); Susan S. Keith, Vice President, Halliburton Company (September 29, 2000) ("Halliburton"); John J. Burns, Jr., President, Alleghany Corporation (September 29, 2000) ("Alleghany"); Robert W. Beicke, Vice President, ITT Industries (October 2, 2000) ("ITT"); Robert W. Diaczuk, Vice President, PFFC Inc. (October 2, 2000) ("PFFC"); Steven L. Welter, Manager, Ashland Inc. (October 3, 2000) ("Ashland"); Ronald L. Greene, Customer Service Manager, Banknote Corporation of America (October 3, 2000) ("Banknote Corp. I"); Kevin B. Marsh, Senior Vice President, SCANA Corporation, (October 3, 2000) ("SCANA"); Tommy Chisholm, Vice President, Southern Company (October 3, 2000) ("Southern Co."); Richard E. Lane, Chairman/

is publishing this order to grant approval of the proposed rule change.⁴

II. Description

In the past, the NYSE has set forth in its Listed Company Manual specific printing and engraving criteria for the production of certificates of listed issuers. These requirements were in large part to guard against the counterfeiting of certificates. However, in light of the continued move toward dematerialization and immobilization and the evolving technologies to support the movement of securities, the NYSE has reviewed its current certificate requirements. The NYSE notes that no comparable requirements exist in the NASDAQ rules. The NYSE also notes that the Commission has recently approved an American Stock Exchange ("Amex") rule filing that allowed the Amex to eliminate its certificate requirements.⁵ Furthermore, public companies not listed on any exchange often use certificates that do not comply with the traditional NYSE criteria, which results in additional compliance expense if those companies seek an NYSE listing. In light of all the

CEO, PlazaBank (October 3, 2000) ("PlazaBank"); Jerome Clair, Vice President, Citibank, N.A. (October 4, 2000) ("Citibank"); John M. Turner, Vice President, First Union (October 4, 2000) ("First Union"); Darryl W. Colletti, Vice President, Merrill Lynch (October 4, 2000) ("Merrill Lynch"); Nicholas J. Camera, Senior Vice President, The Interpublic Group of Companies, Inc. (October 5, 2000) ("Interpublic"); Charles V. Rossi, Division President, EquiServe (October 5, 2000) ("EquiServe"); Karen L. Strum, Assistant Secretary, Nabisco (October 5, 2000) ("Nabisco"); David B. Phillips, Assistant Corporate Secretary, Cigna (October 10, 2000) ("Cigna"); Elizabeth A. Overmyer, Corporate Secretary, Ball Corporation (October 13, 2000) ("Ball Corp."); Darlene Cornell, Analyst, Peoples Energy (October 17, 2000) ("Peoples Energy"); Thomas A. McNish, Vice President, CMS Energy (November 3, 2000) ("CMS"); Ronald L. Greene, Customer Service Manager, Banknote Corporation of America, Inc. (November 10, 2000) ("Banknote II"); Gary S. Tuttle, Individual (November 22, 2000) ("Tuttle"); Gregory P. Vitt, Vice President, A.G. Edwards & Sons, Inc. (November 30, 2000) ("A.G. Edwards"); Ronald L. Greene, Customer Service Manager, Banknote Corporation of America, Inc. (December 20, 2000) ("Banknote III"); David W. Smith, President, American Society of Corporate Secretaries (February 8, 2001) ("ASCS"); Memorandum to File, February 28, 2001 ("Memo to File II"); James E. Buck, Senior Vice President, NYSE (March 2, 2001) ("NYSE"); Ira Horowitz, President, American Bank Note Company (March 16, 2001) ("American Bank Note II"); and to Mr. Stephen G. Walsh, Managing Director, Listings, Operations and Market Watch, New York Stock Exchange, from Donald F. Gress, Chairman, STA Operations Committee (May 11, 2001) ("STA Operations Committee"); Copies and a summary of these letters may be viewed in the Commission's Public Reference Room.

⁴ The text of the rule change is set forth in Exhibit A to the amended proposed rule change filing, which may be obtained by contacting the NYSE or through the Commission's Public Reference Room.

⁵ Securities Exchange Act Release No. 42539 (March 17, 2000), 65 FR 15672.

⁶ 15 U.S.C. 78f(c)(3)(B).

foregoing, the rule change will eliminate the NYSE's Listed Company Manual's requirements pertaining to printing and appearance and will retain only the requirements that specify the content required on each certificate (e.g. company name, par value if required by law, and proper form of assignment).⁶

III. Summary of Comments

The Commission received thirty-four comment letters in response to the proposed rule change.⁷ Of the thirty-four commenters, twenty-eight were not in support of the proposed rule change.⁸

Seventeen of the twenty-eight letters in opposition to the proposed rule change expressed essentially the same concerns.⁹ Of those seventeen, NYSE-listed companies submitted fifteen, a transfer agent submitted one, and a bank submitted one. The essence of these letters was that the proposed rule change would "increase the potential for alteration and/or duplication" of physical securities certificates. In its letter, the department of the Treasury stated that the elimination of the requirement of intaglio printing on certificates, with its unique "tactile effect and 'three dimensional' appearance," would make certificates easier to counterfeit. Four transfer agents, a committee of the Stock Transfer Association, one individual, and one bank note company (with two submitted letters and one meeting with Commission staff) also set forth as their main concern the elimination of the requirement for engraved intaglio printing.¹⁰ One comment letter stated that it generally opposed elimination of

any of the NYSE's certificate standards until such time as all certificates are dematerialized.¹¹

In rebuttal, the NYSE argued, as did ASCS, that since the Amex has no certificate requirements, the NYSE should be allowed to eliminate its requirements as well and that most public companies will continue to use engraved certificates with intaglio printing anyway.¹² The NYSE also argues that the security features pertaining to physical certificates that it retained in its Listed Company Manual are sufficient to adequately protect against counterfeiting.¹³

IV. Discussion

Section 6(b)(5)¹⁴ of the Act requires that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices. For the reasons set forth below, the Commission finds that NYSE's proposed rule change is consistent with NYSE's obligation under section 6(b)(5) of the Act.

The Commission carefully considered the concerns expressed by the letters not in support of the proposed rule change. Although the proposed rule change removes some specific printing and engraving requirements for the securities certificates of NYSE-listed companies, the Commission finds that the remaining NYSE certificate requirements should provide adequate protections against counterfeiting. Although the NYSE certificate requirements no longer mandate the use of intaglio printing or the inclusion of a vignette on the certificate's face, the Commission believes that other remaining requirements in the NYSE's Listed Company Manual (such as the use of penetrating ink, the use of matrix printing or maceration technique, the use of a standard size certificate, the use of either a bank note control number or a computer-generated serial account number and the inclusion of facsimile signatures of officers with their titles, the name of the transfer agent or registrar, the serial number of the certificate, the Cusip number and box, and the word "Dated" in the lower portion of the certificate) serve to adequately guard against counterfeiting and other fraudulent and manipulative acts and practices.

While the Commission recognizes that the use of Intaglio printing can be a valuable safeguard against counterfeiting, the Commission does not

believe that it is an exclusive one. The Commission also notes that there is nothing in the NYSE's Listed Company Manual that either requires a company to change its certificates in response to this rule change or prohibits a company from incorporating more security features, such as intaglio printing, into its certificates than NYSE rules require.

V. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of section 6(b)(5) of the Act and the rules and regulations thereunder.

It is Therefore Ordered, pursuant to section 19(b)(2) of the Act, that the proposed rule change (File No. SR-NYSE-00-17) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁵

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 01-19125 Filed 7-31-01; 8:45 am]

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SMALL BUSINESS ADMINISTRATION

[Declaration of Economic Injury Disaster #9M19]

State of Florida

Okeechobee and Hendry Counties and the contiguous counties of Broward, Charlotte, Collier, Glades, Highlands, Indian River, Lee, Martin, Osceola, Palm Beach, Polk and St. Lucie in the State of Florida constitute an economic injury disaster loan area as a result of freezing temperatures beginning in November 2000 and continuing through January 2001. Eligible small businesses and small agricultural cooperatives without credit available elsewhere may file applications for economic injury assistance as a result of this disaster until the close of business on April 22, 2002 at the address listed below or other locally announced locations: U.S. Small Business Administration, Disaster Area 2 Office, One Baltimore Place, Suite 300, Atlanta, GA 30308.

The interest rate for eligible small businesses and small agricultural cooperatives is 4 percent.

(Catalog of Federal Domestic Assistance Program No. 59002)

¹⁵ 17 CFR 200.30-3(a)(12).

⁶ As originally filed, the NYSE proposed eliminating all its requirements for certificates. The NYSE subsequently amended its original filing to reflect concerns that Commission staff and industry entities such as DTC had raised in discussions with the NYSE (July 24, 2000), amendment). Specifically, the NYSE added new language to section 510 and added a new section 501.13, both of which incorporated certain provisions of the now eliminated section 502 of the Listed Company Manual. The retained provisions contain the requirements relating to the contents required on certificates.

⁷ *Supra* note 3.

⁸ Treasury, Registrar and Transfer, American Bank Note I, Memo to File I, Continental, Illinois Tool, Halliburton, Alleghany, ITT, PFPC, Ashland, SCANA, Southern Co., PlazaBank, Citibank, First Union, Merrill Lynch, Interpublic, Equiserve, Nabisco, Cigna, Ball Corp., Peoples Energy, CMS, Tuttle, A.G. Edwards, American Bank Note II, and STA Operations Committee letters.

⁹ Illinois Tool, Halliburton, ITT, PFPC, Alleghany, Ashland, SCANA, Interpublic, Merrill Lynch, Nabisco, Southern Co., First Union, Cigna, PlazaBank, Peoples Energy, Ball Corp., and CMS letters.

¹⁰ Register and Transfer, Continental, Citibank, Equiserve, Tuttle, American Bank Note I, Memo to File I, American Bank Note II, and STA Operations Committee letters.

¹¹ A.G. Edwards letter.

¹² ASCS and NYSE letters.

¹³ NYSE letter.

¹⁴ 15 U.S.C. 78f(b)(5).