



SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

(202) 272-2650



For Release: Thursday, April 5

84-14

THE COMMISSION TO CONSIDER LEGISLATIVE PROPOSAL
REGARDING BANK'S PROXY PROCESSING ACTIVITIES AND
TO REVIEW FEE DISPUTE BETWEEN INSTINET AND NASD

At an open meeting on Thursday, April 12, at 10 a.m. the Commission will consider a legislative proposal to bring banks and similar institutions under Commission rules regarding processing proxy material. Separately, the Commission will review the fee dispute between Instinet, the Institutional Networks Corporation and the NASD, the National Association of Securities Dealers, Inc. The Commission will also consider issuance of a release extending the public comment period on proposed rule changes to establish an OTC market in options and stock indices which was submitted by the NASD and to permit five options exchanges to trade options on OTC securities.

The meeting will be in the Commission Meeting Room, Room 1C30, 450 Fifth Street, N.W., Washington, D.C. Staff officials will participate in a briefing immediately following the Commission meeting.

The legislative proposal to amend Section 14(b) under the Securities Exchange Act of 1934 grew out of one of the recommendations made by the Commission's Advisory Committee on Shareholder Communications in its report Improving Communications Between Issuers and Beneficial Owners of Nominee Held Securities submitted to the

- more -

Commission's Division of Corporation Finance in June 1982. The Advisory Committee noted that banks hold a majority of the shares held in nominee name but that the Commission lacks the authority to require them to perform the same tasks as registered broker-dealers regarding proxy processing. In addition, in recent years, a growing number of associations and other entities have acquired fiduciary powers and are maintaining trust and custodian accounts. These activities are indistinguishable from the trust activities of banks and the Commission believes that entities that engage in such activities should be treated the same as banks. The legislative proposal would permit the Commission to extend its rules relating to proxy processing to banks and these other entities and, thereby, to accord investors that register securities in the name of banks or these other entities the same protections as investors that register securities in the name of registered broker-dealers. This matter was previously calendared for consideration on December 22, 1983.

The Commission will also review the fee dispute between Instinet and NASD. The NASD is obligated to make available to all interested vendors of securities quotation information, the full quotation stream in National Market System Securities. Instinet has requested this data. Instinet, however, claims that, although NASD is willing to supply the quotation stream, the schedule of fees is such that Instinet is effectively denied access to the information.

#