



FOR RELEASE: Wednesday, April 18

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COMMISSION TO CONSIDER NASD PETITION TO INCREASE
NUMBER OF NMS SECURITIES, ACCOUNTING CHANGE AND THE USE OF
INVESTMENT COMPANY SECURITIES AS LOAN COLLATERAL

At an open meeting on Wednesday, April 25, at 2:30 p.m., the Commission will consider proposing for comment rule amendments to increase the number of securities eligible for National Market System (NMS) designation, in response to a petition by the NASD, National Association of Securities Dealers, Inc. In addition, the Commission will consider the adoption of rules for income recognition by oil and gas producers following the full cost method of accounting. In separate actions, the Commission will consider releases soliciting comments on proposals to permit extension of credit on shares of investment companies, to permit Business Development Companies to use Regulation E, to permit expansion of limits to offerings under Regulation E and to clarify certain initial pricing requirements for variable annuity contracts.

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 NASD's petition has asked the Commission to amend its role governing the designation of over-the-counter securities as NMS Securities to

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extend NMS designation to the securities on the NASD's National List. These rule changes would raise the number of securities eligible for NMS designation from the present 1,175 to between 2,475 and 2,525. The primary effect of designation as an NMS security is that transactions in such security must be reported in a real-time system and that quotations for the security must be firm as to the quoted price and size.

In addition, the Commission will consider the adoption of rules for income recognition by oil and gas producers following the full cost method of accounting. The revisions would clarify and narrow the diversity in current practice of income recognition on sales or transfers of properties and in recognition of management fees from drilling on properties in which the registrant has an interest.

Separately, the Commission will consider issuance of a release soliciting public comment concerning extension of credit by broker-dealers on shares of investment companies. The Commission proposes to permit fully paid securities of registered open-end investment companies and unit investment trusts to be used as collateral for loans, if the customer had held the securities for at least 30 days prior to the credit transaction.

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