NEWS

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
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COMMISSION TO CONSIDER AMENDMENTS TO RULE 15c2-11 AND DELEGATION OF AUTHORITY IN CERTAIN BANKRUPTCY CASES

At an open meeting on Thursday, October 25, at 10:00 a.m., the Commission will consider amendments to Rule 15c2-11 governing publication of quotations for Over-the-Counter (OTC) securities.

The Commission will also consider amending its rules of delegation to authorize the Commission's General Counsel to file notices of appearance in bankruptcy reorganization cases.

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.

Rule 15c2-11 requires that, prior to entering a quotation for an OTC security in a quotation medium, such as the "pink sheets" (quotation sheets for OTC securities published by the National Quotation Bureau, Inc.) a broker-dealer must have specified information about the security and its issuer. The information includes such materials as a recent registration statement, recent offering circular, or the issuer's most recent annual report and any periodic reports. In the case of a non-reporting company, the broker-dealer must have certain fundamental information about the security and its issuer. The purpose of Rule 15c2-11 is to prevent certain

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fraudulent and manipulative practices in the trading of securities of "shell" companies (i.e., companies with little or no assets, earnings or operations) or of little-known, unseasoned companies with no recent market history. The amendments are designed to adapt Rule 15c2-11 to developments in the structure of and practices in the OTC market since the Rule's adoption in 1971.

One of the amendments to the Rule would exempt securities in the NASDAQ system from the Rule on publication of quotations. Another amendment would exempt from the Rule a quotation that is submitted to or published in a quotation medium in response to an unsolicited customer order.

Other amendments would rescind the present exemption for quotations for certain foreign securities and American Depositary Receipts that qualify for an exemption from registration under the Exchange Act, and would require broker-dealers to have certain information when initiating a quotation for these securities. Further amendments would make the Rule applicable to publication of quotations without a specified price, i.e., "name only", "bid wanted" or "offer wanted" quotes. The amendments would also clarify the information a broker-dealer must have under the Rule when initiating a quotation for the security of a reporting company.

In addition, the Commission will consider delegating authority to the Commission's General Counsel to file a notice of appearance in each Chapter 11 bankruptcy case involving significant public investor interest. The notice of appearance places the court and the parties on notice of the Commission's interest in the case, and requires service of all pleadings, notices, and other filings

on the Commission staff. Filing of a notice does not, in itself, entail expressing a view on any issue in the case; it allows the General Counsel to monitor actively the status of a case. The General Counsel will, therefore, continue to seek specific Commission approval when they believe that the Commission should express a substantive position on an issue in the bankruptcy proceeding.

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