



SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

(202) 272-2650



FOR IMMEDIATE RELEASE:

85-7

COMMISSION TO CONSIDER ISSUING THREE RELEASES UNDER SECURITIES EXCHANGE ACT OF 1934

Washington, January 29 -- The Securities and Exchange Commission will consider issuing three releases at an open meeting on Thursday, January 31 at 2:30 p.m. in the Commission Meeting Room, Rm 1C30, 450 Fifth Street, N.W., Washington, D.C.

Amendment to Self-Underwriting Rule

Broker-dealers are subject to regulation by the Commission and by self-regulatory organizations such as the National Association of Securities Dealers, Inc. under the Securities Exchange Act of 1934. Under NASD rules, they must, when distributing their own securities, seek independent underwriters to price the issues. One type of broker dealer, Special Purpose Broker-Dealers, were granted exemptions from this rule when subject to the Commission's regulation under the SECO (SEC Only) program (specifically Rule 15b10-9). (Special Purpose Broker Dealers, or SPBDs, offer and sell only securities issued by an affiliate that is not a broker-dealer). In response to legislation proposed by the Commission in 1983, the SECO program was abolished; broker-dealers that were formerly under this program are now under the National Association of Securities Dealers, Inc. (NASD). NASD regulations (Schedule E) do not permit the same exemptions from the independent pricer rule.

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Certain Special Purpose Broker-Dealers have petitioned the Commission requesting amendments to NASD rules to exempt SPBDs from the independent pricing amendment. (Under Section 19c of the Securities Exchange Act of 1934, the Commission has authority to change rules of self-regulatory organizations such as NASD). The Division of Market Regulation is recommending that the Commission issue a release requesting comment on the proposal.

Disclosure in Reported Securities

The Division of Market Regulation is also proposing that the Commission issue a release requesting comment on an amendment to Rule 10b-10 under the Securities Exchange Act of 1934. Rule 10b-10 requires a broker-dealer executing a trade with a customer to provide written confirmation at or before completion of the trade, disclosing information such as price and commissions.

The current proposal for a release grows out of previous Commission action. On November 16, 1984, the Commission approved amendments to Rule 11Aa2-1, the National Market System Securities Rule. The amendments substantially increased the number of Over-The-Counter securities eligible for National Market System designation. Then, the Commission also authorized the Division to solicit comment on amendments that would require broker dealers to disclose prices and commissions on confirmations for all trades in listed and National Market System securities. This release solicits those comments.

Listing of NMS Securities

The third release being considered by the Commission concerns proposed amendments to Rules 11Aa2-1 and 11Aa3-1 under the Securities Exchange Act of 1934. Rule 11Aa2-1 gives criteria and procedures

for designating certain securities traded exclusively in the OTC market as National Market System securities. NMS securities are subject to the last-sale reporting rule, Rule 11Aa3-1.

Presently, Rule 11Aa2-1 makes exchange-listed securities ineligible to be NMS securities. As a result, several regional stock exchanges expressed to Commission staff their belief that they stand to lose potential listings. The proposed release asks for comment on allowing securities to be both designated as NMS securities and traded on an exchange. The proposal requires certain conditions must be met, including integrated reporting through the National Association of Securities Dealers Automated Quotation System (NASDAQ) and non applicability of off-board trading restrictions to any NMS security.

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