



SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

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FOR IMMEDIATE RELEASE:

85-17

COMMISSION TO CONSIDER SHAREHOLDER COMMUNICATIONS, MARKET REGULATION MATTERS AT OPEN MEETING

Washington, March 27, 1985 -- The Securities and Exchange Commission will consider four items at an open meeting on Thursday, March 28 at 10:00 a.m. in the Commission Meeting Room, (Room 1C30), 450 Fifth Street N.W., Washington, D.C. The items concern Shareholder Communications, a New York Stock Exchange proposal in regard to Shareholder Communications, a proposal to increase position and exercise limits on options and a solicitation of comments on aspects of Rule 15c2-11 regarding over-the-counter securities.

Shareholder Communications

The Commission will be asked to consider publication of a release proposing for public comment amendments to Rule 14b-1, a new Rule, 14a-13 and corresponding amendments to Rule 14c-7.

Rule 14b-1, under the Securities Exchange Act of 1934, is one of the Commission's shareholder communications rules. On July 28, 1983, the Commission adopted a new paragraph (c) to the Rule. The paragraph requires brokers to provide publicly-held companies (registrants) with the names, addresses and securities positions of customers holding the registrants' securities, provided that holders don't object and that brokers are reimbursed for the cost of doing so. Rule 14b-1(c) was scheduled to go into effect on January 1, 1985. In August 1984, the

Commission agreed to defer the effective date by one year, to allow brokers more time to determine costs and to implement a system for providing the information in the most effective manner. When the Commission authorized the deferral, it agreed to take certain steps to clarify the respective functions of brokers and registrants, and to ensure effective implementation of the system of direct communication which are the subject of the proposed amendments.

NYSE Proposal

In a related matter, the Commission will consider a proposal by the New York Stock Exchange to allow its members to impose a surcharge on issuers for the purpose of recouping direct and indirect expenses of complying with Rule 14b-1, paragraph (c).

Position and Exercise Limits

The Commission will consider also proposed rule changes submitted by the options exchanges. The proposed changes would increase position and exercise limits for options on individual stocks to 3,000, 5,500 or 8,000 from the current levels of 2,500 or 4,000. Position limits impose ceilings on the number of options contracts, either long or short, that can be written or held by an investor, or group of investors. Exercise limits prohibit investors, or a group of investors, from exercising more than a specified number of puts or calls within 5 consecutive business days. The proposed rules would increase position and exercise limits, and create a three-tiered system.

Comments on Rule 15c2-11

Rule 15c2-11, originally adopted in 1971 under the Securities Exchange Act of 1934, regulates the publication or submission of quotations for over-the-counter securities in a quotation medium. Recently, when

the Commission adopted amendments to the Rule, it directed the staff to compile and evaluate information on its costs and benefits. The Commission will consider authorizing the publication of a release soliciting comments on those subjects.

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