

Board to review the appeal of a member regarding a NASD staff denial of an exemption from MSRB Rule G-37.

The decision of the Fixed Income Committee, or a subcommittee thereof, may be reviewed by the Board solely upon the request of one or more Governors. Such a review would be undertaken solely at the discretion of the Board and will be in accordance with resolutions of the Board. In reviewing any decision of the Fixed Income Committee, the Board may affirm, modify or reverse a decision of the Board and will be in accordance with resolutions of the Board. In reviewing any decision of the Fixed Income Committee, the Board may affirm, modify or reverse a decision of the Board and will be in accordance with resolutions of the Board. In reviewing any decision of the Fixed Income Committee with appropriate instructions.

The NASD believes that the Fixed Income Committee is the appropriate reviewing body as the members of the Fixed Income Committee would have the requisite knowledge regarding the municipal business necessary to weigh the member's argument that the requested exemption would comply with the provisions and intent of MSRB Rule G-37. In addition, the use of the Fixed Income Committee would ensure uniformity throughout the country on the granting of such exemptions which the MSRB intended to be granted very infrequently. The appeal of such matters to a national committee also has the advantage of all determinations being made in one forum, thereby avoiding disparate applications of the exemptive provision that might occur if the NASD's District Business Conduct Committees were assigned this responsibility.

The NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(2) of the Act in that it establishes a procedure to enforce compliance with MSRB Rule G-37 whereby the NASD staff and the Fixed Income Committee may review member requests for exemption from MSRB Rule G-37 and may grant exemptions only within the limited circumstances anticipated by the MSRB and MSRB Rule G-37 as approved by the Commission. Moreover, the NASD believes the proposed rule change is consistent for the reasons discussed above with the provisions of Section 19(g)(1)(B) of the Act, which requires that the NASD, absent reasonable justification or excuse, enforce compliance with MSRB rules.

*(B) Self-Regulatory Organization's Statement on Burden on Competition*

The NASD does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

*(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

Written comments were neither solicited nor received.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

A. By order approve such proposed rule change, or

B. Institute proceedings to determine whether the proposed rule change should be disapproved.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Copies of the submissions all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to File Number SR-NASD-95-15 and should be submitted by September 20, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30-3(a)(12).

**Margaret H. McFarland,**  
*Deputy Secretary.*

[FR Doc. 95-21500 Filed 8-29-95; 8:45 am]

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[Release No. 34-36140; File No. SR-NYSE-95-08]

**Self-Regulatory Organizations; New York Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 1 and Amendment No. 2 To Proposed Rule Change Relating to Listed Company Relations Proceedings**

August 23, 1995.

**I. Introduction**

On March 3, 1995, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to adopt new Rule 103C concerning procedures relating to initiation and conduct of a review of the relationship between a listed company and its specialist organization. On July 14, 1995, the NYSE submitted a letter amendment<sup>3</sup> to the proposed rule change, and on July 28, 1995, submitted a formal amendment to the file.<sup>4</sup>

The proposed rule change was published for comment in Securities Exchange Act Release No. 35650 (April 26, 1995), 60 FR 21578. No comments were received on the proposal. The Commission is approving the proposal and soliciting comments on Amendment No. 1 and Amendment No. 2.

**II. Description of the Proposal**

The Exchange proposes to adopt new Rule 103C (Listed Company Relations Proceedings) to provide its listed companies and specialist units with a procedure for resolving non-regulatory issues that may arise between them.<sup>5</sup> Proposed Rule 103C contains a formal procedure by which a listed company could make a written notification (known as an "Issuer Notice") to the Exchange's New Listings and Client Services Division of its desire to commence a proceeding to mediate and resolve such issues. The Exchange's Quality of Markets Committee

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Letter from James E. Buck, Senior Vice President and Secretary, NYSE, to Howard Kramer, Associate Director, Division of Market Regulation, SEC, dated July 12, 1995 ("Amendment No. 1").

<sup>4</sup> See Amendment No. 1 to File No. SR-NYSE-95-08 ("Amendment No. 2").

<sup>5</sup> For example, a non-regulatory issue may include misunderstandings with respect to the frequency and adequacy of communications between a company and its specialist unit.

("QOMC"), a Board of Directors ("Board") level committee, would be responsible for oversight of the Listed Company Relations Proceeding ("LCRP") through a subcommittee consisting of the two Exchange vice-chairmen, a senior Exchange official, and two listed company representatives, all of whom would be appointed from the QOMC membership. This subcommittee would work with the listed company and the specialist unit through written submissions and meetings designed to produce an action plan with specific steps for resolution of the matter. These written submissions would include a description of the progress each party has made on the specific steps established by the subcommittee.<sup>6</sup> At regular intervals of three, six and nine months, the subcommittee would work with the parties to resolve their issues. After receiving the written submissions from the parties, the subcommittee will advise the QOMC of the subcommittee's conclusions regarding whether or not the specialist has successfully completed the specific steps established by the subcommittee.<sup>7</sup> The listed company could conclude the LCRP at any time during the process if it believed that matters had been satisfactorily addressed.

If matters were not resolved at the end of one year from the commencement of the LCRP, the listed company could formally request a reassignment of its stock to another specialist unit. The subcommittee would prepare a recommendation to the QOMC as to whether it is in the best interest of the Exchange, regarding the efficient operation of the Exchange, to reassign the stock.<sup>8</sup> The subcommittee's report would indicate whether or not the specialist had successfully completed the specific steps established by the subcommittee.<sup>9</sup>

The QOMC would review the recommendation and give the parties an additional opportunity to present their views in writing. It would then make a recommendation to the Exchange's Board. The Board could also afford the parties an opportunity to present their views in writing. The Board would then consider the efforts taken by the specialist to complete the subcommittee's specific steps and then determine whether the non-regulatory issues that have arisen between the listed company and the specialist are

irreconcilable differences, that are not based upon bias or other violations of public policy, and that a reallocation would be in the best business interest of the Exchange.<sup>10</sup> If the Board determined that the stock should be reassigned, the Board would direct the Exchange's Allocation Committee to reallocate the stock. The then current specialist unit and the unit of any specialist member of the Board would not be permitted to apply for allocation of the stock. Proposed Rule 103C also provides that no reference to the LCRP or the Board's action would be retained in the information maintained by the Allocation Committee regarding the then current specialist unit. The rule further provides that the specialist unit subject to a reallocation would not be afforded any preferential treatment in subsequent allocations as a result of a reallocation pursuant to the rule.

### III. Solicitation of Comments

Amendment No. 1 states that the Exchange considers actions by the Board pursuant to the procedures in Rule 103C to be reviewable under Section 19(d) of the Act. In addition, Amendment No. 1 clarifies that any Board decision to reallocate stock would be based upon a determination that there are irreconcilable differences between the parties, which are not based upon bias or other violations of public policy, and that such reallocation would be in the best interests of the continued efficient operation of the Exchange's market. Amendment No. 2 clarifies that all written reports will include a description of the progress each party has made on the specific steps established by the subcommittee. In addition, all recommendations regarding the reallocation of a specialist's stock will take into consideration each party's efforts to complete the specific steps established by the subcommittee.

Interested persons are invited to submit written data, views and arguments concerning Amendment No. 1 and Amendment No. 2. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the Amendments, all written statements with respect to the Amendments that are filed with the Commission, and all written communications relating to the Amendments between the Commission and any person, other than those that may be withheld from the public in

accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the NYSE. All submissions should refer to File No. SR-NYSE-95-08 and should be submitted by September 20, 1995.

### IV. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, with the requirements of Sections 6(b).<sup>11</sup> In particular, the Commission believes the proposal is consistent with the Section 6(b)(5) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

Proposed Rule 103C provides a form of mediation to resolve non-regulatory issues between listed companies and their specialists. If after one year of meetings and talks between the parties the differences can not be resolved, the listed company's stock may be reallocated to another specialist. While the stock may be reallocated, the procedures in Rule 103C are separate and distinct from the disciplinary proceedings at the Exchange.

The Commission recognizes the Exchange's need to ensure that listed companies and their specialists units have a mechanism to resolve disputes because these disputes could ultimately impinge on the Exchange's business relationship with its listed companies. The Exchange emphasizes that the relationship between a listed company and its specialist unit is a significant one and that while specialist units work to foster and promote sound mutual understanding and effective communications with their listed companies, situations may occasionally arise in which one or both sides cannot easily resolve differences with respect to non-regulatory issues. At the same time, in the past the Commission has noted concerns about contacts between listed companies and their specialists. Although in many instances these contacts can be legitimate and constructive, they also can present concerns about conflicts of interest or

<sup>6</sup> See Amendment No. 2, *supra* note 4.

<sup>7</sup> See Amendment No. 2, *supra* note 4.

<sup>8</sup> See Amendment No. 1, *supra* note 3, and Amendment No. 2, *supra* note 4.

<sup>9</sup> See Amendment No. 2, *supra* note 4.

<sup>10</sup> See Amendment No. 1, *supra* note 3, and Amendment No. 2, *supra* note 4.

<sup>11</sup> 15 U.S.C. 78f(b).

inappropriate exchange of information between the parties.<sup>12</sup>

The Exchange has addressed these concerns by placing safeguards in Rule 103C that take the form of limitations on the procedures which minimize the possibility that the proposed mechanism will be abused or used for inappropriate purposes. First, the proposed rule contains language that requires the subcommittee, the QOMC, and the Board to review whether the specialist has successfully completed the steps established by the subcommittee to resolve the issues between the specialist and the listed company. By requiring the review of the specialist's efforts to complete the steps established by the subcommittee, it enables a specialist to demonstrate that he or she has made every effort to meet the subcommittee's recommendations and has successfully complied with such recommendations. Moreover, the meticulous steps in a Rule 103C proceeding will enable the Exchange to determine whether the listed company-specialist dispute involved improper activity by either party.

A second limitation on the proposed procedures is the ability of the Board to recommend reallocation of the specialist's stock only when such reallocation would be in the best interest of the continued efficient operation of the Exchange's market. Third, the language of Rule 103C prohibits reallocation of a specialist's stock when the irreconcilable differences between the parties is based upon bias or other violations of public policy. These two qualifications are designed to prevent reallocations on improper grounds and to provide specific standards on when and under what conditions a stock can be reallocated.<sup>13</sup>

The Commission finds good cause for approving the proposed Amendments No. 1 and 2, prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register**. The Commission believes that accelerated approval of Amendments No. 1 and 2, is appropriate in that original filing was published in the **Federal Register** for comment for the full comment period and no comments were received. In addition, the Amendments provide technical

clarifications and additional procedural safeguards. For these reasons, the Commission finds good cause for accelerating approval of the proposed rule change as amended.

#### V. Conclusion

It Is Therefore Ordered, pursuant to Section 19(b)(2) of the Act,<sup>14</sup> that the proposed rule change (SR-NYSE-95-08), including Amendment No. 1 and Amendment No. 2, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>15</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 95-21502 Filed 8-29-95; 8:45 am]

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#### DEPARTMENT OF STATE

##### Office of the Secretary

[Public Notice 2249]

#### Extension of the Restriction on the Use of United States Passports for Travel to, in, or Through Lebanon

On January 26, 1987, pursuant to the authority of 22 U.S.C. 211a and Executive Order 11295 (31 FR 10603), and in accordance with 22 CFR 51.73(a)(3), all United States passports, with the exception of passports of immediate family members of hostages in Lebanon, were declared invalid for travel to, in, or through Lebanon unless specifically validated for such travel. This action was taken because the situation in Lebanon was such that American citizens there could not be considered safe from terrorist acts.

I have concluded that Lebanon continues to be an area "\* \* \* where there is imminent danger to the public health or the physical safety of United States travelers" within the meaning of 22 U.S.C. 211a and 22 CFR 51.73(a)(3).

Accordingly, all United States passports shall remain invalid for travel to, in, or through Lebanon unless specifically validated for such travel under the authority of the Secretary of State.

This Public Notice shall be effective upon publication in the **Federal Register** and shall expire at the end of six months unless extended or sooner revoked by Public Notice.

Dated: August 22, 1995.

**Warren Christopher,**

*Secretary of State.*

[FR Doc. 95-21443 Filed 8-28-95; 11:32 am]

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<sup>14</sup> 15 U.S.C. 78s(b)(2).

<sup>15</sup> 17 CFR 200.30-3(a)(12).

#### DEPARTMENT OF TRANSPORTATION

##### Aviation Proceedings; Agreements Filed During the Week Ended August 11, 1995

The following Agreements were filed with the Department of Transportation under the provisions of 49 U.S.C. 412 and 414. Answers may be filed within 21 days of date of filing.

*Docket Number:* OST-95-381

*Date Filed:* August 7, 1995

*Parties:* Members of the International Air Transport Association

*Subject:* TC23 Telex Mail Vote 752.

Korea-Romania fares, r-1—074i r-2—071L r-3—076b

*Proposed Effective Date:* September 1, 1995

**Paulette V. Twine,**

*Chief, Documenter Services Division.*

[FR Doc. 95-21546 Filed 8-29-95; 8:45 am]

BILLING CODE 4910-62-P

##### Notice of Applications for Certificates of Public Convenience and Necessity and Foreign Air Carrier Permits Filed Under Subpart Q During the Week Ended August 11, 1995

The following Applications for Certificates of Public Convenience and Necessity and Foreign Air Carrier Permits were filed under Subpart Q of the Department of Transportation's Procedural Regulations (See 14 CFR 302.1701 *et seq.*). The due date for Answers, Conforming Applications, or Motions to Modify Scope are set forth below for each application. Following the Answer period DOT may process the application by expedited procedures. Such procedures may consist of the adoption of a show-cause order, a tentative order, or in appropriate cases a final order without further proceedings.

*Docket Number:* OST-95-385

*Date filed:* August 9, 1995

*Due Date for Answers, Conforming Applications, or Motion to Modify Scope:* September 6, 1995

*Description:* Application of Societe Nouvelle Air Martinique, pursuant to 49 U.S.C. 41301, and Subpart Q of the Regulations, applies for an initial foreign air carrier permit to engage in the scheduled foreign air transportation of persons, property and mail between Fort de France, Martinique and San Juan, Puerto Rico and charter foreign air transportation between the French West Indies and U.S. points in the Caribbean.

*Docket Number:* OST-95-390

*Date filed:* August 9, 1995

<sup>12</sup> See e.g. Section 11(b) of the Act, 15 U.S.C. 78k(b).

<sup>13</sup> These standards are also necessary to provide a basis on which the Board's decision could be reviewed. The Exchange indicates in Amendment No. 1, that it considers the actions by the Board pursuant to these procedures to be reviewable under Section 19(d) of the Act. See Amendment No. 1, *supra* note 3.