

the bona fides of the company and its past trading history. In this regard, the Exchange previously proposed, and the Commission approved, amendments to its initial listing standards that provided for an alternate method by which a company could meet the "demonstrated earnings" listing standard, increased the numerical criteria for the aggregate market value of both publicly-held shares and net tangible assets, and adopted an alternate shareholder distribution standard for companies whose shares are very actively traded.¹⁰

With this rule proposal, the Exchange proposes to amend the continued listing criteria for common stock to reflect the amendments made to the initial listing standards in 1995. The Commission believes that adequate maintenance standards are of equal importance to the development of adequate standards for initial inclusion on an exchange. The Commission notes that once an issue has been initially approved for listing, the Exchange must monitor continually the status and trading characteristics of that issue to ensure that it continues to meet exchange standards for trading depth and liquidity.

Specifically, with respect to the new adjusted net income criteria, the Commission believes that it is appropriate to establish specific continued listing criteria that correlate to the alternate method for satisfying the demonstrated earnings requirement of the initial listing standard. Under the new standards, companies that are valued on a "cash flow" basis must have at least an aggregate market value of \$25,000,000 (which is higher than the proposed standard of \$12,000,000 aggregate market value for other companies) as well as satisfy an average adjusted net income for the past three years of \$6,500,000.

Under the proposal, the Exchange is also increasing the minimum requirements for aggregate market value of publicly-held shares from \$5,000,000 to \$8,000,000; aggregate market value of shares outstanding (excluding treasury stocks) from \$8,000,000 to \$12,000,000; and net tangible assets available to common stock from \$8,000,000 to \$12,000,000. The Commission believes that these substantial increases significantly upgrade the NYSE's continued listing criteria and strengthen the Exchange's securities listing process by adding continued listing standards that more appropriately correspond to the initial listing standards. Moreover, the Commission believes that the stringent maintenance criteria,

established by the rule proposal, should help to ensure the stability of the marketplace, as well as protect investors, by enabling the NYSE to identify listed companies that may not have sufficient liquidity and financial resources to warrant continued listing. This, in turn, will allow the NYSE to take appropriate action.

Finally, the NYSE proposes to amend the investor base and public float requirements of its continued listing criteria. Although the minimum number of investors required has decreased, the Commission believes that establishing a minimum of at least 400 total stockholders in conjunction with an average monthly trading volume of at least 100,000 shares will not significantly weaken the high standards that the Exchange wants to maintain. The requirement for an average monthly trading volume will ensure that listed companies with a smaller shareholder base should have sufficient interest to support a liquid market. Moreover, the Exchange requirement that listed companies have at least 1,200 total stockholders if the average monthly trading volume is less than 100,000 also will ensure that there is sufficient shareholder base to support a liquid market. Although the Exchange previously required at least 1,200 round-lot holders, the Commission believes that the new shareholder distribution standard in conjunction with the updated numerical criteria will permit the Exchange to monitor its listed companies to ensure continued depth and liquidity.

In conclusion, based upon the analysis set forth above, the Commission believes this rule change will continue to ensure that NYSE listed companies have adequate depth and liquidity to support trading on the NYSE. Accordingly, the Commission believes that this rule change adequately protects investors and the public interest.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹¹ that the proposed rule change (SR-NYSE-96-07) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹²

Margaret H. McFarland,

Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

Hartford District Advisory Council Meeting, Public Meeting

The U.S. Small Business Administration, Hartford District Advisory Council will hold a public meeting on Monday, July 1, 1996, at 8:30 a.m. at 2 Science Park, New Haven, Connecticut 06511, to discuss matters as may be presented by members, staff of the U.S. Small Business Administration, or others present.

For further information, write or call Ms. Jo-Ann Van Vechten, District Director, U.S. Small Business Administration, 330 Main Street, Hartford, Connecticut, (860) 240-4670.

Dated: June 12, 1996.

Michael P. Novelli,

Director, Office of Advisory Council.

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

Commercial Space Transportation Advisory Committee—Re-Establishment

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of Commercial Space Transportation Committee Re-establishment.

SUMMARY: Notice is hereby given of the re-establishment of the Commercial Space Transportation Advisory Committee. The committee reviews matters relating to the commercial space transportation industry and provides information, advice, and recommendations on commercial space transportation activities. The functions of the committee are solely advisory and the committee will comply with the provisions of the Federal Advisory Committee Act.

The Secretary of Transportation has determined that the use of the Commercial Space Transportation Advisory Committee is in the public interest in connection with the performance of duties imposed on FAA by law. Meetings of the committee will be open to the public.

FOR FURTHER INFORMATION CONTACT: Brenda Parker (AST-100), Office of the Associate Administrator for Commercial Space Transportation, 400 7th Street, SW., Washington, DC, 20591, telephone (202) 366-2932.

¹⁰ See Securities Exchange Act Release No. 35571, *supra* note 3.

¹¹ 15 U.S.C. 78s(b)(2).

¹² 17 CFR 200.30-3(a)(12).