

the consideration to be paid and received, are: (a) fair and reasonable and do not involve overreaching on the part of any person concerned; (b) consistent with the policy of each registered investment company concerned, as recited in its registration statements and reports filed under the 1940 Act; and, (c) consistent with the general purposes of the 1940 Act. Accordingly, Applicants submit that the terms of the Reorganizations meet the standards for exemption from Section 17(a) of the 1940 Act as set forth in Section 17(b) thereof.

For the Commission, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-37937; File No. SR-NYSE-96-29]

Self-Regulatory Organizations; New York Stock Exchange, Inc.; Order Granting Accelerated Approval of Proposed Rule Change Relating to Stock Distributions

November 8, 1996.

On October 11, 1996, the New York Stock Exchange, Inc. ("NYSE") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-NYSE-96-29) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ Notice of the proposal was published in the Federal Register on October 18, 1996.² No comment letters were received. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

I. Description

The proposed rule change will allow listed companies engaged in distributions to offer shareholders whose ownership of stock is directly registered with them or their transfer agents the choice of receiving either certificates or account statements. The NYSE is rescinding its policy which required listed companies to supply stock certificates to recordholders for all distributions, such as stock splits, mergers, and spin-offs, other than those relating to dividend reinvestment plans ("DRIPs") and dividend reinvestment stock purchase plans ("DRSPPs"). The NYSE is rescinding the current policy

due to the decreasing importance of physical certificates, the technological enhancements in the automation of stock ownership records, and a recent rule filing by The Depository Trust Company ("DTC") to implement an electronic "direct registration system" ("DRS").³

DRS will provide a linkage between transfer agents, broker-dealers, and the depositories and will allow investors to move stock position from transfer agent to broker-dealers in connection with their sales of stock. As a condition of allowing issuers to provide investors with the option of obtaining either certificates or account statements for distributions in addition to those associated with DRIPs and DRSPPs, NYSE is requiring issuers to include their stock in a DRS. Such a DRS must be operated by a registered clearing agency and must be available for exchange-traded stock.

II. Discussion

Section 6(b)(5)⁴ of the Act requires that an exchange have rules that are designed to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities. The Commission believes that NYSE's proposed rule change rescinding its policy will foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities. By rescinding its policy, NYSE listed companies will have the opportunity to participate in DRS, which a joint industry committee comprised of representatives from the transfer agent, broker-dealer, and depository communities. DRS will provide significant efficiencies in the processing of securities and should contribute to the cooperation and coordination between the various groups involved in the clearance and settlement process.

NYSE has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of the filing. The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date

³ For a complete description of DRS, refer to Securities Exchange Act Release No. 35038 (December 1, 1994), 59 FR 63652 (concept release on a transfer agent operated book-entry registration system) and DTC Important Notice B# 1811-96 (October 7, 1996) and Important Notice B# 1841-96 (October 7, 1996), which are attached as Exhibits A and B to Securities Exchange Act Release No. 37800 (October 9, 1996), 61 FR 54473.

⁴ 15 U.S.C. 78f (1988).

of publication because accelerated approval will allow NYSE listed issuers to participate in the DRS pilot program which begins on November 11, 1996.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 6 of the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-NYSE-96-29) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,
Deputy Secretary.

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DEPARTMENT OF STATE

[PN 2468]

International Joint Commission; Boundary Waters Treaty of 1909; an Invitation To Comment on the 1996 Progress Report of the Air Quality Committee Under the Canada-United States Air Quality Agreement

The International Joint Commission invites public comment on progress by the United States and Canada in reducing transboundary air pollution under the 1991 Agreement on Air Quality. The Commission will provide a synthesis of the comments to the two governments and the public as directed by the Agreement.

The Governments of the United States and Canada signed an Agreement on Air Quality on March 13, 1991. The purpose of the Agreement was to establish a practical and effective instrument to address shared concerns on transboundary air pollution. The 1996 Progress Report reviews acid rain control programs, monitoring, emission inventories, visibility protection, scientific and technical cooperation, and includes the first five-year review of the Agreement.

Under the terms of the Agreement, the Governments established a bilateral Air Quality Committee. This Committee is responsible for reviewing progress made in the implementation of the Agreement, preparing and submitting periodic progress reports to the Governments, referring each progress

⁵ 17 CFR 200.30-3(a)(12) (1996).

¹ 15 U.S.C. 78s(b)(1) (1988).

² Securities Exchange Act Release No. 37809 (October 10, 1996), 61 FR 54476.