Applicant's Conditions

Applicants agree that the order will be subject to the following conditions:

1. Transactions effected pursuant to the order will be effected in accordance with all of the provisions of rule 10f–3, other than paragraph (b)(8). At least a majority of any class of an issue of Minnesota Tax-Exempt Securities purchased pursuant to the order must be purchased by persons who are not Related Purchasers. If the aggregate number of securities the Related Purchasers wish to acquire exceeds the permitted amount, the securities acquired will be allocated to each Related Purchaser in the proportion that the number of securities that such Related Purchaser wishes to acquire bears to the total number of securities that all Related Purchasers wish to acquire.

2. Purchases of Minnesota Tax-Exempt Securities directly from Piper Jaffray or from a syndicate manager of an underwriting syndicate of which Piper Jaffray is a member when the purchases are designated as group sales may be effected only in Minnesota Tax-Exempt Securities that, at the time of purchase, have one of the following investment grade ratings from at least one nationally recognized statistical rating organization: (i) One of the two highest investment grade ratings in the case of securities with remaining maturities of one year or less, or (ii) one of the three highest investment grade ratings in the case of securities with remaining maturities greater than one year.

3. Purchases of Minnesota Tax-Exempt Securities directly from Piper Jaffray or from a syndicate manager of an underwriting syndicate of which Piper Jaffray is a member when the purchases are designated as group sales will be limited so that no such transaction will be effected if, as a result, the aggregate value of Minnesota Tax-Exempt Securities held by a Fund and acquired pursuant to the order would exceed 50% of the total net assets of that Fund.

4. Purchases of Minnesota Tax-Exempt Securities directly from Piper Jaffray or from a syndicate manager of an underwriting syndicate of which Piper Jaffray is a member when the purchases are designated as group sales will be effected only when the Minnesota Tax-Exempt Securities to be acquired are otherwise unavailable for purchase. If Piper Jaffray is the sole underwriter of the securities, this condition is automatically fulfilled because there is no other potential seller. When Piper Jaffray is a member of an underwriting syndicate, U.S. Bank will observe the following procedures to determine when the securities are unavailable from other members of the syndicate. Initially, U.S. Bank will determine the aggregate number of securities that the Related Purchasers wish to acquire. Next, U.S. Bank will attempt to purchase as much of this number as possible from members of the syndicate other than Piper Jaffray. After acquiring as many securities as possible from such other members, U.S. Bank will attempt to purchase from Piper Jaffray the number of securities that the Related Purchasers wish to acquire and have been unable to obtain from such other members. The securities acquired from such other members will be allocated first to the Funds to the extent of the number of securities the Funds wish to acquire, or the number of securities the Funds are entitled to acquire based upon the relative needs of the Related Purchasers and the total number of securities purchased from such other members and from Piper Jaffray, whichever is less.

5. When the Funds purchase Minnesota Tax-Exempt Securities from a syndicate manager of an underwriting syndicate of which piper Jaffray is a member, the Funds will not: (i) Submit designated orders to a syndicate manager that are allocated to Piper Jaffray; (ii) submit group orders to a syndicate manager that designate Piper Jaffray to receive any portion of the commission; or (iii) otherwise allocate orders to Piper Jaffray.

6. The exemption will be valid only so long as U.S. Bank and Piper Jaffray operate as separate entities and independent profit centers within the holding company framework of U.S. Bancorp, with separate officers and employees, separate capitalizations, and separate books and records. Employees of Piper Jaffray will not participate with, or seek to influence, U.S. Bank in its investment decisions as investment adviser to the Funds, other than in the normal course of sales activities of the same nature that are being carried out simultaneously with respect to unaffiliated clients of Piper Jaffray. Senior executives of U.S. Bancorp with responsibility for overseeing the operations of various subsidiaries are not precluded from exercising those functions over U.S. Bank because they oversee Piper Jaffray as well, provided that such persons will not have any involvement with respect to transactions effected pursuant to the exemption and will not attempt to influence or control the purchase of securities by the Funds from Piper Jaffray or an underwriting syndicate of which Piper Jaffray is a member.

7. U.S. Bank and Piper Jaffray will adopt a set of guidelines for their respective personnel to make certain that transactions conducted pursuant to the order comply with the conditions set forth in the application and that the parties maintain arm's length relationships. Compliance officers of U.S. Bank and Piper Jaffray will periodically monitor the activities of their respective companies for compliance with such guidelines and with the conditions set forth in the application.

8. The board of directors of each Fund, including a majority of the directors who are not interested persons under section 2(a)(19) of the Act and have no direct or indirect financial interest in the transaction (other than through ownership of Fund shares), will review, no less frequently, each purchase of Minnesota Tax-Exempt Securities directly from Piper Jaffray or from a syndicate manager of an underwriting syndicate of which Piper Jaffray is a member when the purchases are designated as group sales since the last review and will determine that the terms of such transaction were reasonable and fair to the shareholders of the Fund and did not involve overreaching of the Fund or its shareholders on the part of any person concerned. In considering whether the price paid for the security was reasonable and fair, the price of the security will be analyzed with respect to comparable transactions involving similar securities being purchased or sold during a comparable period of time.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00–3086 Filed 2–9–00; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–42378; File No. SR–Amex–99–39]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the American Stock Exchange LLC Amending Certain Listing Standards

February 2, 2000.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

(''Act'' [1] and Rule 19b–4 thereunder, [2] notice is hereby given that on September 28, 1999, the American Stock Exchange LLC (''Amex'' or ''Exchange'') filed with the Securities and Exchange Commission the proposed rule change as described in Items, I, II, and III below, which Items have been prepared by the Exchange. The Exchange filed Amendments No. 1,[3] 2,[4] and 3,[5] to the proposed rule change on December 14, 1999, January 4, 2000, and January 19, 2000, respectively. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend certain provision of its listing standards to simplify the listing process, eliminate certain outdated processes, and to clarify the Exchange's alternative listing guidelines for domestic companies. The text of the proposed rule change is as follows. Proposed new language is in italic; deletions are in brackets.

* * * * *

Listing Standards, Policies and Requirements

PART 1. Original Listing Requirements—Listing Fees (§§ 101–146)

CRITERIA FOR ORIGINAL LISTING (§§ 101–118)

Sec. 101. GENERAL

The approval of an application for the listing of securities is a matter solely within the discretion of the Exchange. To assist companies interested in applying for listing, the Exchange has established certain numerical guidelines, outlined below, which will be considered in evaluating listing eligibility. Other factors which will also be considered include the nature of a company's business, the market for its products, the reputation of its management, its historical record and pattern of growth, its financial integrity, its demonstrated earning power and its future outlook.

The fact that an applicant may meet the Exchange's numerical guidelines does not necessarily mean that its application will be approved. On the other hand, an application may be approved even though the company does not meet all of the numerical guidelines.

[The Exchange will furnish, without charge, a confidential preliminary opinion as to the eligibility of an applicant for listing as described in § 202.]

See §[§'s] 110 [and 115] for special criteria relating to foreign issuers [and member corporations] *and Rules 1000, 1000A, and 1200 for rules relating to portfolio deposit receipts, Index Fund Shares, and Trust Issued Receipts.*

(a) REGULAR LISTING CRITERIA

([a]*1*) *Size*—Stockholders' equity of at least $4,000,000.

([b]*2*) *Income*—Pre-tax income of at least $750,000 in its last fiscal year, or in two of its last three fiscal years.

Additional criteria applicable to various classes of securities and issuers are set forth below. Applicants should also consider the policies regarding conflicts of interest, independent directors and voting rights described in §§ 120–125.

(b) ALTERNATE LISTING CRITERIA [FOR DOMESTIC COMPANIES

It is recognized that certain financially sound companies are unable to meet fully the Exchange's regular listing criteria because, for example, of the nature of their business, or because of continuing large expenditures of funds for research and development. Such companies may, however, qualify for listing provided they meet the numerical criteria outlined below, have sufficient financial resources to continue operations over an extended period of time, and are otherwise regarded as suitable for Exchange listing.

Among the factors considered by the Exchange in determining a company's listing eligibility are the following:

(a) the nature and scope of the applicant's operations, including its demonstrated ability to acquire or discover and develop new products or properties, the potential or proven market for existing or future products and the company's plans for future development and expansion of its existing resources;

(b) the applicant's financial condition and accounting practices, its ability to service existing debt and other obligations, the availability of financing for currently committed programs and future expansion, and the size of its development expenses in relation to its equity and revenues;

(c) the composition of the applicant's assets including its reserves, royalties, or other rights and patents;

(d) the experience and reputation of the applicant and its management; and

(e) the nature and effect of governmental policies or restrictions on the company's products or properties and the extent of competition and economic conditions within the particular industry.

Numerical Criteria:]

([a]*1*) *History of Operations*—Three years of operations.

([b]*2*) *Size*—Stockholders' equity of at least $4,000,000.

([c]*3*) *Distribution*—See Section 102(a).

([d]*4*) *Aggregate Market Value of Publicly Held Shares*—$15,000,000.

Sec. 102. EQUITY ISSUES

(a) *Distribution*—Minimum public distribution * of 500,000, together with a minimum of 800 public shareholders or minimum public distribution of 1,000,000 shares together with a minimum of 400 public shareholders.

Footnotes: * The terms ''public distribution'' and ''public shareholders'' as used in the Company Guide include both shareholders of record and beneficial holders, but are exclusive of the holdings of officers, directors, controlling shareholders and other concentrated (*i.e.* [5]*10*% or greater, affiliated or family holdings.

* * * * *

Sec. 103. PREFERRED STOCK

(a)–(c) no change

[(d) *Redeemable Issues*—Redeemable issues, if subject to redemption in part, must be redeemable only pro rata or by lot. (See § 902.)]

Sec. 104. BONDS AND DEBENTURES

* * * * *

[Redeemable Issues

Redeemable issues, if subject to redemption in part, must be redeemable only pro rata or by lot. (See § 902)]

* * * * *

Issuer or Bond Rating Status

For the Exchange to list a debt security, the security must be characterized by one of the following conditions:

(A) the issuer of the debt security has equity securities listed on the Exchange (or on the New York Stock Exchange *or on the Nasdaq National Market*);

(B) an issuer of equity securities listed on the Exchange (or on the New York Stock Exchange *or on the Nasdaq National Market*) directly or indirectly owns a majority interest in, or is under common control with, the issuer of the debt security;

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[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] Letter from Michael Cavalier, Associate General Counsel, Legal & Regulatory Policy, Amex, to Jack P. Drogin, Assistant Director, Division of Market Regulation (''Division''), Commission, dated December 13, 1999 (''Amendment No. 1''). Amendment No. 1 revises Section 1101 of the *Amex Company Guide* to add references to forms filed with the Commission by unit investments trusts and open-end management investment companies.

[4] Letter from Michael J. Ryan, Jr., Chief of Staff, Amex, to Jack P. Drogin, Assistant Director, Division, Commission, dated December 31, 1999 (''Amendment No. 2''). As originally filed, the proposed rule change eliminated the requirement to submit with an original listing application certain corporate documents and an opinion of counsel regarding the legality of the organization, existence of the issuer, and the validity of the securities to be issued. Amendment No. 2 reinstates the requirement to submit these documents. Amendment No. 2 also makes certain technical changes to the proposed rule change.

[5] Letter from Michael J. Ryan, Jr., Chief of Staff, Amex, to Jack P. Drogin, Assistant Director, Division, Commission, dated January 18, 2000 (''Amendment No. 3''). Amendment No. 3 eliminates the requirement to file certain documents with an original listing application, including an issuer's charter and by-laws, as well as an opinion of counsel. In lieu of requiring these documents to be submitted, Amendment No. 3 states that the Exchange will ask issuers specific questions concerning quorum requirements, notice of record dates to schareholders and closing of transfer books. In addition, Amendment No. 3 states that the Exchange will require issuers to (i) furnish the Exchange with copies of opinions of counsel filed in connection with recent public offerings or private placements or (ii) if no opinions of counsel exist, represent to the Exchange that they are duly and validly organized under the laws of their state of incorporation. Finally, Amendment No. 3 reinstates Section 125 of the *Amex Company Guide,* relating to remedies available to bondholders upon default.

(C) an issuer of equity securities listed on the Exchange (or on the New York Stock Exchange *or on the Nasdaq National Market*) has guaranteed the debt security;

* * * * *

Sec. 105. WARRANTS

The listing of warrant issues is concerned on a case by case basis. The Exchange will not consider listing the warrant issue of a company unless the common stock or other securities underlying the warrants are listed and in good standing either on the American or New York Stock Exchanges *or on the Nasdaq National Market* and there are at least 200,000 warrants publicly held by not less than 100 public warrantholders. In addition, to be listed, warrant issues are expected to meet the following criteria:

(a) no change

[(b) *Redeemable (callable) Issues*—Warrant, if subject to redemption in part, must be redeemable only pro rata or by lot. The Exchange requires advance notice of the Call Date (if any) as defined in its Warrant Agreement with the warrant agent(s). (See § 902.)]

* * * * *

[Sec. 112. EXPLORATION AND DEVELOPMENT COMPANIES

The Exchange generally will not list the securities of companies organized for the exploration and development of natural resources until they have reached the production stage and meet the criteria set forth in § 101.]

* * * * *

[Sec. 115. MEMBER CORPORATIONS

The following requirements and procedures will apply to the original listings of securities of publicly-owned member corporations:

Minimum Standards:

(a) Size-Stockholders' equity of at least $10 million. In determining a listing applicant's ability to meet this standard, the Exchange will value securities owned by the applicant at less than market value, depending upon the ready marketability of such securities. The applicant shall include in its listing application a list and the amounts of the securities owned by it, the names of the exchanges on which they are listed, and whether there are any restrictions against their sale as in the case of securities acquired for investment (''letter stock'').

(b) Earnings-Pre-tax income of at least $1.5 million for the latest fiscal year.

(c) Historical Operations—A history of satisfactory operations for at least 3 years prior to listing in order to demonstrate the applicant's ability to operate profitability under normal conditions. As in the case of all other listing applicants, all relevant factors regarding a member corporation's operations will be carefully considered, including the period of time in which present management has conducted the corporation's operations and the changes, if any, in management during the three year period under review.

(d) Capital Ratios—A regular capital ratio which has not exceeded 10-to-1 (or an alternate capital ratio which has not been less than 5%) for any period of 15 consecutive days during the six-month period preceding filing of the applicant's listing application.

Procedures:

In addition to the usual review procedures applicable to other types of corporations, the following special procedures will apply in reviewing member corporations for listing:

(a) Reports received by the Exchange under FOCUS filing requirements will be reviewed and any problems indicated by such reports will be required to be satisfactorily resolved before listing. FOCUS reports will be required of any member corporation listing applicant not already filing them for a three-month period before consideration of the listing application.

(b) In the case of an applicant which is also a member of the New York Stock Exchange, a copy of the report of the most recent examination by the New York Stock Exchange will be reviewed and any problems disclosed in such report must be satisfactorily resolved before listing.

Disclosure:

Any member corporation, which intends to list its securities on the Exchange, will be required to include in its prospectus additional disclosures with respect to certain regulatory actions which the Exchange (or the New York Stock Exchange) may take and which may have an adverse impact on the firm's future income and prospects. Among the actions which such Exchanges may take are:

(a) limiting the opening of new offices, employment of new registered representatives, or opening of new accounts;

(b) requiring an organization to cease business as a clearing organization and become solely an introducing broker;

(c) restricting the types of activities which a member organization performs;

(d) requiring an organization to reorganize or even to liquidate its business; and

(e) requiring a listed member corporation to make timely disclosure of material information concerning its business, financial situation or prospects, or other matters which might have a bearing on its operations.

In addition to publishing quarterly statements of revenues and earnings as required by the rules and regulations of the Exchange, a listed member corporation shall be required to distribute copies of such statements to its stockholders. Such quarterly reports, as well as the annual report, shall also contain a statement regarding the corporation's net capital position in relation to the standards of the Exchange and the New York Stock Exchange.

A listed member corporation shall be required to file with the Exchange copies of its financial statements and questionnaires which it files with the New York Stock Exchange.]

[Sec. 116. COMPANIES ENGAGED IN GAMING OPERATIONS

In addition to the many factors considered in the evaluation of any application for original listing (see § 101), the Exchange will give particular attention to the historical record, operating procedures and management personnel of any applicant company which is engaged, to any substantial extent, in gaming operations. An applicant of this nature will be required to demonstrate that it has adequate procedures and management capabilities to detect and appropriately control any of the following:

(a) the association with any person having a criminal background or who would not qualify for a license under any Federal, state or local regulatory requirements under which the applicant company operates;

(b) any misuse of the company's funds or misappropriation of its receipts from gaming operations; or

(c) any activities by persons associated either directly or indirectly with the company designed to promote the company's securities in contravention of the securities laws or to evade the disclosure requirements of the Exchange.

Any of the following factors may be considered by the Exchange as a basis for refusing to approve the application of a company engaged in gaming operations:

(a) if the company (or any predecessor organization that has been responsible for operating such gaming facilities), or any officer, director, controlling stockholder or managerial or supervisory employee of the company or of any such predecessor, or any other person having an association or relationship with the company or such predecessor whereby such person was, or is, in a position to influence management decisions with respect to, or to receive benefits from, the operation of such gaming facilities, has been convicted of any criminal offense relating to gaming or to any other business of the company or such predecessor, or relating to fraud, violation of the securities laws or violation of any Federal or state anti-racketeering or similar statutes, at any time during a period ten (10) years preceding the date of the application for listing;

(b) if any person described in the preceding paragraph has been indicted or cited for violation of any Federal, state or local statute or ordinance relating to gaming or fraud, or has been denied a license or had his license revoked by any Federal, state, or local agency having jurisdiction over gaming operations, or any such person has been identified by an appropriate Federal or state agency as being associated with organized crime or with other persons conspiring to violate gaming or anti-racketeering statutes, at any time during a period of five (5) years preceding the date of the application for listing;

(c) if any investigation (by any appropriate Federal, state or local agency) of the company, or of any predecessor or other person described in the first paragraph above, has disclosed any material violations of any law, rule or regulations applicable to the gaming operations of the company, during a period of five (5) years preceding the date of the application for listing;

(d) if the company has in its employ, or has associated with it in any capacity, any person who, if required to be licensed in any Federal, state or local agency having jurisdiction over gaming operations, is not so licensed or has been denied a license or has been found to be unsuitable to receive a license;

(e) if the company, or any predecessor or other person described in the first paragraph

above, shall have been finally determined to be liable for any income or other tax deficiency based upon an understatement of revenues or income from gaming activities, during a period of five (5) years preceding the date of the application for listing; or

(f) if the company, or any predecessor described in the first paragraph above, shall have failed to received an unqualified opinion of an independent public accountant with respect to the balance sheet and statement of operations of the company or any such predecessor for each of the five (5) fiscal years preceding the date of the application for listing.

In connection with the subsequent filing of any listing application by a company seeking to issue additional securities, the purpose of which is to enable the company to become engaged to a substantial degree in gaming or related activities, the Exchange will apply all of the above standards to the same extent as though the application were for original listing. Moreover, the Exchange will consider the suspension of trading in, or removal from listing or unlisted trading of, the securities of any company which, after the effective date of this policy, takes steps to become engaged in gaming operations to any substantial degree, unless the company can demonstrate that it meets all of the above special requirements for original listing of companies engaged in gaming operations.]

* * * * *

Sec. 118. INVESTMENT TRUSTS

* * * * *

A. INVESTMENT TRUSTS BASED ON SECURITIES OF INDIVIDUAL ISSUERS

(a)–(d) no change

[(e) *Trustees*—The requirements of paragraphs (a), (c) and (d) of § 811 of the Guide apply.]

([f]*e*) *Voting*—no change

([g]*f*) *Shareholder Communications*—no change

([h]*g*) *Listing Agreement*—In addition to the above, an investment Trust applying for listing under this section of the Guide shall sign a listing agreement with the Exchange which, among other things, requires compliance with the following Exchange Rules and Regulations regarding:

(i) Additional Listing—(see Part 3 of the Guide);

(ii) Dividends, Stocks Splits and Distributions (see §§ 501–507 and 509 of the Guide);

(iii) [Transfer Facilities, Certificates—(see §§ 801–841 of the Guide);

(iv)] Notification—comply with existing notification requirements of the Exchange.

B. INVESTMENT TRUSTS BASED ON STOCK INDEXES OR DEBT INSTRUMENTS

* * * * *

The eligibility of a Trust for listing is subject to the following:

(a) no change

(b) no change

(c) [Trustees—See § 118A(a).

(d)] Voting—When a share or unit has been divided into separate components, any voting rights accorded the share or unit may be divided between the component securities as specified in the Trust prospectus.

([e]*d*) Listing Agreement—See § 118A([h]*g*).

CONFLICTS OF INTEREST

Sec. 120. POLICIES—CONFLICTS OF INTEREST, INDEPENDENT DIRECTORS AND VOTING RIGHTS (§§ 120–126)

[The existence of material conflicts of interest between companies and their officers, directors or principal shareholders (or members of their families or concerns controlled by, or affiliated with, them) will be reviewed by the Exchange in considering the eligibility of companies for original listing. In many cases, companies are able to eliminate conflict situations prior to listing or within a reasonable period after listing, and may be asked to do so. Where a conflict cannot be resolved promptly for sound business reasons, the Exchange will consider all pertinent factors.]

Each company shall conduct an appropriate review of all related party transactions on an ongoing basis and shall utilize the company's Audit Committee or a comparable body of the Board of Directors for the review of potential conflict of interest situations where appropriate.

* * * * *

Sec. 125. REMEDIES AVAILABLE TO BONDHOLDERS UPON DEFAULT

no change

* * * * *

OTHER REQUIREMENTS (§§ 130–134)

Sec. 130. ORIGINAL LISTING APPLICATIONS

Applicants must register the security to be listed under Section 12(b) of the Exchange Act (§ 210) and submit an original listing application (§ 211). [Before doing so, they should first obtain a preliminary opinion as to eligibility (§ 202) which the Exchange will furnish without charge.]

* * * * *

Sec. 132. LISTING AGREEMENTS

In addition to meeting the foregoing criteria, companies applying for listing enter into agreements with the Exchange and become subject to its rules, regulations and policies applicable to listed companies.

Among other things, listed companies are required to:

* * * * *

(e) [*Transfer Facilities*, Certificates—Establish facilities or agencies for the transfer and registry of stock and the payment of principal and interest on, and the registry or exchange of, bond or debenture issues (§§ 801–841.) Requirements for engraving and the form of certificates for listed securities are also described in these sections;

* * * * *

(g)]) *Additional Information*—upon request, furnish to the Exchange such information concerning the Company as the Exchange may reasonable require.

* * * * *

LISTING FEES (§§ 140–146)

Sec. 140. ORIGINAL LISTING FEES

* * * * *

Special Shareholder Rights Plans

[A processing fee of $1,000 will be charged for special shareholder rights plans in lieu of the fees set forth in the above schedules, so long as such rights are neither exercisable nor tradable as a separate security.]

Upon the shareholder rights becoming exercisable and tradabale separately:

- an original fee will be charged based on the number of shareholder rights then outstanding and on additional issuance of rights[, less the $1,000 processing fee;]
- shareholder rights will be subject to the Exchange's continuing annual fee schedule.

Sec. 141. ANNUAL FEES

Stock Issues

* * * * *

The annual fee is payable in January of each year and is based on the total number of all classes of shares ([including] *excluding* treasury shares) and warrants [outstanding at] *according to information available on Exchange records as of* December 31 of the preceding year. (The above fee schedule also applies to companies whose securities are admitted to unlisted trading privileges.)

In the calendar year in which a company first lists, the annual fee will be prorated to reflect only that portion of the year during which the security has been admitted to dealings and will be payable in December based on the total number of outstanding shares of all classes of stock at the time of original listing.

* * * * *

Sec. 144. REFUNDS OF LISTING FEES (see also § 141 above)

(a) *Applications Withdrawn or Not Approved*—If a listing application is not approved by the Exchange or is withdrawn by the applicant, a service charge of $[250]*1,000* is deducted by the Exchange from the listing fee previously paid by the applicant, and the balance is refunded to it. [If an applicant refiles an application after such a service charge has been deducted, the amount deducted is applied as a credit to the listing fee payable on the refiling, with the understanding that if the application is again withdrawn or not approved, a further service charge of $250 will be deducted. This procedure applies to all further refilings.]

(b) *Credits After Approval*—No cash refund of a listing fee is made where an application has been finally approved by the Exchange. If additional unissued shares are authorized for addition to the list ''upon official notice of issuance'' and all of such shares are not issued for the purpose specified in the application, a credit is allowed. The credit may be applied in full or partial payment of fees payable for future listing applications of the same company. The amount of the credit is the difference between the fee paid for the listing of such authorized shares and the fee which would have applied had the applications been initially submitted for the number of shares, which were actually issued and added to the list under the same listing authorization. If a company cancels all listing authorization pursuant to any single application (see § 350), without the issuance

of any such shares, the Exchange makes a minimum charge of $[250]*1,000*.

* * * * *

PART 2. Original Listing Procedures (§§ 201–222)

GENERAL (§§ 201–207)

Sec. 201. STEPS

There are normally [eight] *seven* steps in the listing process:

(a) [company request preliminary listing eligibility opinion and receives favorable opinion;]

(b)–(h) reclassified as (a)–(g)

[Sec. 202. PRELIMINARY OPINION PRIOR TO PREPARATION OF COMPLETE LISTING APPLICATION

An applicant should obtain an informal and confidential opinion as to the eligibility of a particular issue for listing before preparing and filing a complete listing application. There is no charge for such opinion. The opinion may be obtained by sending the following data to the Exchange:

(a) three copies of the latest prospectus and proxy statement of the company (if available);

(b) three copies of printed annual reports distributed to shareholders for the last fiscal year and one copy of the annual report for preceding two years (if available) or financial statements for such years; five copies of SEC Form 10–K for latest fiscal year (if available); five copies of SEC Form 10–Q (if available) for interim periods since end of latest fiscal year; and one copy of each SEC Form 8–K filed since the latest Form 10–K;

(c) a certificate showing the extent of the public distribution of the stock, to be furnished on a printed form (Listing Form 2) supplies by the Exchange;

(d) information with respect to personal interests of any officers, directors or principal shareholders in any business arrangements involving the company such as the leasing of property to or from the company, interests in minority-held subsidiaries, interests in businesses that are competitors, suppliers or customers of the company, loans to or from the company, if not included in Form 10–K prospectus or proxy statement; and

(e) information concerning material pending litigation if not included in Form 10–K, prospectus, or proxy statement.]

[Sec. 203. TIME SCHEDULE

A preliminary listing eligibility opinion is normally rendered within one to two weeks after the opinion is requested. An additional two weeks is normally required for the complete processing of an application.]

* * * * *

Sec. 207. [Corporate Relations Manager] Listing Qualifications Analyst

Each company is assigned to a [Corporate Relations Manager] *Listing Qualifications Analyst*, who serves as the principal liaison between the Exchange and the company on all regulatory and disclosure-related matters.

PREPARATION OF ORIGINAL LISTING APPLICATIONS (§§ 210–218)

* * * * *

Sec. 211. ORIGINAL LISTING APPLICATION—GENERAL

(a) [*Initial Submission*] form—[No prepared or blank forms are available for the listing application itself. The applicant prepares its own application, in typewritten narrative form, following the instructions outlined below. The Exchange will provide an appropriate sample application and assist in its preparation.]

A [preliminary] typewritten [draft of the] listing application (signed by an executive officer of the applicant), together with all appropriate attachments, as outlined below, and one copy only of each of the required exhibits, should be [initially] filed with the Exchange for examination. If any deficiencies are noted, or any changes are considered necessary in the form or contents of the application and exhibits, the applicant will be notified.

(b) *Incorporation by Reference*—A copy of the following documents should be attached to each original listing application submitted and the information contained therein may be incorporated by reference (see § 212, Item 2):

(i) no change

(ii) no change

(iii) no change

(iv) [a certificate showing the extent of the public distribution of the stock, to be furnished on a printed form (Listing Form 2) supplied by the Exchange; and

(v) information concerning material pending litigation if not included in Form 10–K, prospectus, or proxy statement; and

(vi) a statement that there have been no material developments since the date of the latest SEC filing; and

(vii)] such other information, documents or materials as may be deemed appropriate by the Exchange for inclusion in the applicant's listing application.

(c) *Listing Fee*—A check drawn to the order of ''American Stock Exchange'' should accompany the [initial] submission. (See § 140 for computation of amount.)

(d) *Accounting Review*—no change

[(e) *Final Application*—The listing application need not be printed. Three (3) final copies of the application (with attachments listed in (b) above) shall be submitted with each copy manually signed by a duly authorized officer of the applicant.]

Sec. 212. CONTENT OF ORIGINAL LISTING APPLICATION—STOCK

[An application for original listing of a stock issue shall recite, in substantially the order given below, the following:

Item 1. Title Page, showing:

(a) name of the applicant, address and telephone number of principal executive officer; and

(b) date of application and formal request for listing; specifying the amount, class and par value of the security applied for.

Application shall be made to list only that part of an issue which is actually issued, including both outstanding and treasury shares. If an additional unissued amount is reserved for issuance for a specific purpose, application may also be made for authority to add that amount to the list, upon official notice of issuance for that specific purpose. The request for authority to list such additional amount should state briefly, but specifically, the purpose of issuance, and that the listing authorization of such shares is effective only if they are issued for that purpose. No additional unissued amount may be applied for, which is not reserved for issuance for a specific purpose by the Board of Directors.

If the applicant has any other classes of stock which are not being listed, the application should indicate how many such shares are outstanding, how many such shares are reserved for future issuance and the purpose thereof.

Item 2, Attachments. A statement listing the appropriate documents which are attached to the listing application and incorporated therein by reference (see § 211) and a statement that there have been no material developments since the date of the latest SEC filing.

Item 3. Certificate. Certificate and signature of duly authorized officer of the applicant.]

Each company must submit an application for original listing, in the form prescribed by the Exchange, together with supporting exhibits specified in § 306 (See sample application in Appendix).

Sec. 213. EXHIBITS TO BE FILED WITH ORIGINAL LISTING APPLICATION-STOCK

[The following exhibits must be filed i] *I*n support of the original listing application, *a company must file:*

[**1. Listing Agreement.** O] *o*ne copy of *the Listing* Agreement, executed by an executive officer of the applicant, on Listing Form 1 supplied by the Exchange. *In addition,*

[**2. Certificate of Distribution.** One copy, signed by an executive officer of the applicant, as of a recent date, prepared on Listing Form 2 supplied by the Exchange.

3. Charter. One copy each of charter and all amendments to date, with (manually signed) certificate(s) of Secretary of State or corresponding authority covering filing of the original charter and each amendment. In lieu of the foregoing, the applicant may submit a copy of the charter as amended to date, with (manually signed) certificate(s) of Secretary of State or corresponding authority with respect thereto. Photostatic copies are acceptable.

4. By-Laws. One copy of the by-laws, as amended to date of application, certified by the secretary or other executive officer of the applicant.

5. Specimen Certificates. One specimen copy of each denomination of certificate of class to be listed. If transfer agents(s) and registrar(s) are located in more than one city, furnish one specimen of each denomination of certificates used in each city. Specimens should he accompanied by certificate and agreement of the banknote company as specified under requirements for ''Form of Securities-Engraving'' in the attached Appendix.

6. Opinion of Counsel. One copy of opinion of counsel of satisfactory standing, addressed to the Exchange, as to the following: (a) the legality of organization and valid existence of the applicant; (b) the validity of authorization and issuance (or

proposed issuance) of the securities applied for; (c) whether the securities are (or will be) fully paid and non-assessable, and whether personal liability attaches to ownership; and (d) whether the outstanding securities were registered or issued pursuant to an exemption under the Securities Act.

If counsel, or any partner of such counsel (or, if a firm, any member thereof) is an officer, director or shareholder of the applicant, this fact must be disclosed in the opinion and in the listing application.

7. Contract With Transfer Agent. One copy of contract with each transfer agent relative to the issuance of additional shares. (Use printed Listing Form 3 supplied by the Exchange.)

8. Contract With Registrar. One copy of contract of each registrar relative to the registration of additional shares. (Use printed Listing Form 4 supplied by the Exchange.)

9. Other Information. T] the Exchange may request copies of such other documents as are necessary to complete its review of an issuer's eligibility for listing.

Sec. 214. OIL AND GAS AND MINING COMPANIES—ADDITIONAL PAPERS TO BE FILED

Oil and Gas Companies—In addition to *the* [E] *e*xhibits [1 to 9] required of all applicants, companies which have an interest in oil and gas properties as a material part of their business must submit the following:

[**10.**] **Engineer's Reserve Report.** Report of recent date, of qualified engineer, including estimate of proven reserves. The report shall be accompanied by a signed statement of the engineer's qualifications. The Exchange recommends and may, in fact, require the submission of the report of a qualified independent engineer not in the regular employ of the company.

Mining Companies—In addition to *the* [E] *e*xhibits [1 to 9] required of all applicants, companies which own or operate mines as a material part of their business must submit the following:

[**11.**] **Table of Lands.** A tabular list of mineral and other lands (separate lists for producing and non-producing properties), each property designated by number or claim name. If any property is held under lease, specify terms. Submit separate lists for properties held directly and those held through subsidiaries.

[**12.**] **Engineer's Mining and Reserve Report.** Report, of recent date, of qualified engineer. The report shall be accompanied by a signed statement of the engineer's qualifications. (In certain cases, the Exchange may require the submission of the report of a qualified independent engineer not in the regular employ of the applicant.)

In the case of mines which are developing, the engineer's report must contain:

(a) recommendations regarding the development program; (by estimate as to amount of additional funds which will be required to complete the development program as outlined; and (c) estimate of length of time required to complete such development program.

* * * * *

[Sec. 216. EXHIBITS TO BE FILED WITH ORIGINAL LISTING APPLICATION—DEBT SECURITIES

Applicants with *no* securities currently listed on the Exchange should submit all exhibits specified in § 213, except for Exhibits 2, 6, 7 and 8, in lieu of which the following should be submitted:

13. Opinion of Counsel. One copy of opinion of counsel of satisfactory standing, addressed to the Exchange, as to the following: (a) the legality of organization and valid existence of the applicant; (b) the validity of authorization and issuance of the bonds; (c) the legal, valid and binding nature of the obligations enforceable against the applicant in accordance with the terms of the instrument creating such bonds, with remedies exceptions, if appropriate; and (d) whether the Indenture is qualified under the Trust Indenture Act of 1939. If the bonds are convertible into equity securities of the applicant, an opinion should be given that the securities in to which the bonds are convertible have been duly and validly authorized and reserved for issuance and that they will, when issued, be fully paid and non-assessable, and that no personal liability will attach to ownership. The opinion should also indicate whether the bonds and, if applicable, the securities into which they are convertible, will be registered or issued pursuant to an exemption under the Securities Act.

If counsel, or any partner of such counsel (or, if a firm, any member thereof) is an officer, director or shareholder of the applicant, this fact must be disclosed in the opinion and in the listing application.

14. Indenture. One copy of the mortgage, indenture, or equivalent instrument, certified by the trustee.

15. Trustee's Certificate. A certificate from the trustee showing acceptance of the trust. (See Appendix for suggested form.)

Applicants with securities already listed on the Exchange should file supporting Exhibits 13–15 above, as well as Exhibits 1 and 5 set forth in § 213.]

* * * * *

[Sec. 218. EXHIBITS TO BE FILED WITH ORIGINAL LISTING APPLICATION—WARRANTS

Applicants with *no* securities currently listed on the Exchange should submit all Exhibits specified in §§ 213–214, except for Exhibits 6, 7 and 8, in lieu of which the following should be submitted:

16. Opinion of Counsel. One copy of opinion of counsel of satisfactory standing, addressed to the Exchange, as to the following: (a) the legality of organization and valid existence of the applicant; (b) the validity of authorization and issuance of the warrants; and (c) the legal, valid and binding nature of the obligations enforceable against the applicant in accordance with the warrant agreement, with remedies and exceptions, if appropriate. An opinion should be given that the securities for which the warrants are exercisable have been validly authorized and reserved for issuance and that they will, when issued in accordance with the warrant agreement, he validly issued, fully paid and non-assessable, and that no personal liability will attach to ownership. The opinion should also indicate whether the warrants and the securities into which they are exercisable will be registered or issued pursuant to an exemption under the Securities Act.

If counsel, or a partner of such counsel, is an officer, director or shareholder of the applicant, this fact must be disclosed in the opinion and in the listing application.

17. Contract with Warrant Agent. One copy of contract from warrant agent(s) on printed Listing Form 5.

18. Warrant Agreement. One certified copy of warrant agreement between the issuer and warrant agent(s).

In the case of applicants with securities already listed on the Exchange, the supporting Exhibits shall consist of 16, 17, and 18 referred to above, plus Exhibits 1, 2 and 5 specified in § 213.]

FOREIGN LISTINGS (§§ 220–222)

* * * * *

Sec. 222. EXHIBITS TO BE FILED WITH ORIGINAL LISTING APPLICATION—FOREIGN ISSUERS

Generally, the exhibits to be filed in support of an original listing application of a foreign issue will be substantially the same as those pertaining to an equivalent domestic issue. [See §§ 213, 216 and 219.)]

Where an application is made to list ADRs, rather than the underlying securities, a copy of the Deposit Agreement and a specimen ADR certificate should also be filed in support of the listing application.

PART 3. Additional Listings-Requirements and Procedures—Subscription Rights—Possible Application of Original Listing

* * * * *

Sec. 304. LISTING OF SHARES PURSUANT TO A STOCK DIVIDEND OR FORWARD SPLIT

Stock to be issued in a forward split or dividend must be listed prior to the distribution date of such action. A company must complete the Reconciliation Sheet provided in the Exchange's form of application, as of the record date of the scheduled distribution.

If fractional shares are to be paid in cash and the exact number of shares cannot be determined in advance, the company should list the maximum number of shares that can be issued and subsequently request cancellation of the listing of the balance of shares not issued.

[**EXHIBITS**—Exhibits A–2 and A–3 (described in § 306) must be submitted in connection with a stock dividend or forward split listing application.]

Sec. 305. LISTING OF SHARES PURSUANT TO A REVERSE SPLIT/SUBSTITUTION LISTING

A substitution listing application is necessary whenever a company engages in a reverse stock split, re-incorporates, proposes to list a new class of securities in substitution for a previously listed class of securities or otherwise engages in a transaction which would require it to file a new Form 8–A [or Form 8–B] with SEC in regard to a previously listed security.

[**EXHIBITS**—Exhibits A–2, A–3, A–4, A–7, If applicable). A–8 and –9 (except in the case of a reverse split) (described in § 306) must be submitted in connection with a reverse split or substitution listing application. In addition, if a company is changing its transfer agent and/or registrar a new Listing Form 3 (Agreement With Transfer Agent) and/or Listing Form 4 (Agreement With Registrar) must be executed and filed with the Exchange (see forms in Appendix).

If a company is listing debt securities in substitution for a previously listed debt issue, it is also required to submit: (i) a specimen certificate of each denomination of security to be listed, with certification from the banknote company as specified in § 823; (ii) a copy of the mortgage, indenture, or equivalent instrument (or amendments thereto) certified by the trustee with amendments; and (iii) a certificate from the trustee showing acceptance of the trust (see Sample Trustee's Certificate in Appendix).

If a company is listing warrants in substitution for a previously listed warrant class, it is also required to submit: (i) a specimen certificate of each denomination of security to be listed, with certification from the banknote company as specified in § 823; (ii) a copy of the contract with each warrant agent on Listing Form 5 (see form in Appendix); and (iii) a certified copy of the warrant agreement.]

Sec. 306. EXHIBITS TO BE FILED WITH ADDITIONAL LISTING APPLICATIONS

A–1 Contract. A copy of each executed contract, plan or agreement pursuant to which the additional securities applied for are to be issued.

A–2 [Opinion of Counsel. An opinion of counsel of satisfactory standing addressed to the Exchange as to the following: (a) the validity of authorization and issuance (or proposed issuance) of the securities applied for; (b) whether the securities are (or will be) fully paid and non-assessable, and whether personal liability attaches to ownership; and (c) whether the securities to be listed will be registered or issued pursuant to an exemption under the Securities Act. If such counsel, (or, if a firm, any member thereof) is an officer, director or stockholder of the applicant, this fact must be disclosed in the opinion.

A–3 Board Resolutions. One certified copy of each resolution of the Board of Directors authorizing the issuance for which the listing application is being made, and

A–4. Amendments to Charter. One copy of each amendment to the charter not previously filed with the Exchange, or, at the applicant's option, one copy of the charter as amended to date, certified by the Secretary of State or corresponding authority of the state of incorporation.

A–5] Financial Statements of Acquired Company. If the securities to be listed are to be issued in connection with the acquisition of a controlling interest in, or of substantially all of the assets subject to the liabilities of, another company, the most recent audited financial statements, supplemented by the latest interim statements. In cases where independently audited financial statements are not available, a manually signed statement certified by the chief accounting officer of such other company must be submitted.

A–[6]3. Engineering Report. If the securities applied for are to be issued in acquisition of a stock interest in another company, or properties or other assets, furnish one copy of any engineering, geological or appraisal report which may have been obtained in connection with the proposed acquisition.

[A–7. Amendments to By-Laws. One certified copy of each amendment to the by-laws not previously filed with the Exchange. If desired, there may be filed in lieu of such amendments, one certified copy of the by-laws as amended to date.

A–8. Stock Certificates. If the form of stock certificate for the listed class of stock has been or is to be changed, furnish one specimen of each denomination of the changed form, with a certification from the banknote company that the security has been prepared in accordance with the printing and engraving requirements of the Exchange, as specified in § 823.]

A–[9]4. Listing Agreement. A company must execute a new listing agreement (see Listing Form 1) in support of every substitution listing except in the case of a reverse split.

* * * * *

SUBSCRIPTION RIGHTS, BACKDOOR LISTING AND PAIRED SECURITIES (§§ 340–343)

Sec. 340. SUBSCRIPTION RIGHTS

A listed company must promptly disclose any action taken by it with respect to the allotment of rights to subscribe or rights or benefits pertaining to the ownership of its listed securities. It is further required to give prompt notice of any such action to the Exchange to afford the holders of such securities a proper period within which to record their interests and exercise their rights. These requirements are further explained in paragraphs (a) through (h) below.

The Exchange will not admit subscription rights to dealings unless the underlying security is or will be listed on the Exchange.

(a) No change

(b) *Establishment of Record, Mailing, and Expiration Dates*—The record date should be no earlier than one day prior to the time the registration statement or offering circular becomes effective.

The mailing of the subscription rights to shareholders should occur as soon after the record date as possible. Most companies have their transfer agents mail the rights on the same date as the record date or, at the latest, on the business day following the record date.

The subscription period should be for at least 14 calendar days following the mailing date. [provided the subscription agent is located in New York City. If the transfer agent (which usually also acts as the subscription agent) is not located in New York City or does not have a New York City ''drop'' (see § 801), such additional number of days as is equal to the mailing distance between New York City and the location of the subscription agent should be added to the 14 day period. For example, if the sole subscription agent is located in Boston, without ''drop'' facilities in New York City, the subscription period should be at least 15 days; in Chicago 16 days; and on the Pacific Coast 18 days. Companies not having a New York City transfer agent (or the equivalent thereof) should consider the advisability of appointing a New York City banking institution to act as subscription agent or co-subscription agent to facilitate the handling of subscriptions in relationship to the minimum subscription period involved.] (See §§ 510–522 for further explanation of ''ex-rights'' rule.)

(c) No change

(d) No change

(e) *Dealings in Rights*—No application is required to be filed with the Exchange for the listing of subscription rights or with the SEC for their registration under the Exchange Act. Under SEC Rule 12a–4, subscription rights are exempt from registration under the Exchange Act. [Listed companies must, however, issue all transferable rights or benefits pertaining to listed securities in a form approved by the Exchange and make the same assignable, exercisable and deliverable in the Borough of Manhattan, City of New York.]

Transferable rights may be admitted to dealings on the Exchange as soon as notice is received that the company's Securities Act registration statement or offering circular has become effective. The normal procedure is to admit the rights to dealings at 10:00 a.m. on the day following the day the registration statement or offering circular has become effective. Accordingly, the company should arrange to have the registration statement or offering circular declared effective as of 4:00 p.m. on the date preceding the anticipated trading date. The company or its attorneys should notify the Exchange *by telephone* as soon as they learn of SEC clearance.

Trading in rights on the Exchange will cease at the close of business on the business day preceding the expiration date thereof, if such rights are exercisable in the New York City metropolitan area, and at such time in advance of the expiration date as may be announced by the Exchange, if such rights are exercisable outside such area. (Exchange Rule 17.) This facilitates open contracts to be settled and rights to be exercised on the final day.

(f) *Ex-Rights Date*—As specified at § 513(a), in general, stocks are quoted ''ex-rights'' the day following the date on which the rights are admitted to dealings. (Exchange Rule 830.) This arrangement allows one full day's trading to take place in the rights to establish their market value for ''ex-rights'' purposes. On the day the stock is quoted ''ex-rights'' all open orders to buy and open stop orders to sell (pursuant to Exchange Rule 132, as amended) on the books of the specialist are reduced by the cash value of the rights as determined by the price of the last sale in the rights the day before the stock sells ex-rights. Purchasers of the stock beginning the fourth business day preceding the record date for a stock transferring in New York City [(and earlier if the stock transfers only outside of New York City)] and to and including the day

before the ''ex-rights'' date for the stock have been paying prices for their stock which include the value of the rights. Since it is not possible for such purchasers to become holders of record on the books of the company by the record date for the offering, the Exchange rules that the purchasers in such transactions (having paid a ''rights on'' price for their stock, i.e., a price including the value of the rights) are entitled to the rights and are, therefore, entitled to receive a due bill for the rights from the sellers of the stock. Such due bills are redeemed by the sellers when they receive their rights from the company.

This arrangement is between the brokers for the purchasers and the sellers of the stock, and does not involve the company. For a further explanation, see §§ 510–522.

(g) No change

(h) No change

* * * * *

[Sec. 343. SPECIAL SHAREHOLDER RIGHTS PLANS

The Exchange should be consulted prior to the submission of any application involving securities with special shareholder rights. (See § 140 for discussion of the fee.)]

* * * * *

PART 4. Disclosure Policies (§§ 401–405)

DISCLOSURE (§§ 401–405)

Sec. 401. OUTLINE OF EXCHANGE DISCLOSURE POLICIES

The Exchange considers that the conduct of a fair and orderly market requires every listed company to make available to the public information necessary for informed investing and to take reasonable steps to ensure that all who invest in its securities enjoy equal access to such information. In applying this fundamental principle, the Exchange has adopted the following six specific policies concerning disclosure, each of which is more fully discussed (in a Question and Answer format) in § 402:

(a) *Immediate Public Disclosure of Material Information*—A listed company is required to make immediate public disclosure of all material information concerning its affairs, except in unusual circumstances. When such disclosure is to be made during trading hours, it is essential that the [company's Corporate Relations Manager] *Stock Watch Department* be notified prior to the announcement.

(b)–(f) no change

Sec. 402. EXPLANATION OF EXCHANGE DISCLOSURE POLICIES

(a) *Immediate Public Disclosure of Material Information*

* * * * *

Q. When may a company properly withhold material information?

A. Occasionally, circumstances such as those discussed below may arise in which-provided that complete confidentiality is maintained-a company may temporarily refrain from publicly disclosing material information. These situations, however, are limited and constitute an infrequent exception to the normal requirement of immediate public disclosure. Thus, in cases of doubt, the presumption must always be in favor of disclosure.

(i) no change

(ii) When the facts are in a state of flux and a more appropriate moment for disclosure is imminent.

Occasionally, corporate developments give rise to information which, although material, is subject to rapid change. If the situation is about to stabilize or resolve itself in the near future, it may be proper to withhold public disclosure until a firm announcement can be made, since successive public statements concerning the same subject (but based on changing facts) may confuse or mislead the public rather than enlighten it.

For example, in the course of a successful negotiation for the acquisition of another company, the only information known to each party at the outset may be the willingness of the other to hold discussions. Shortly thereafter, it may become apparent to the parties that it is likely an agreement can be reached. Finally, agreement in principle may be reached on specific terms. In such circumstances (and assuming the maintenance of strict confidentiality), a company need not issue a public announcement at each stage of the negotiations, describing the current state of constantly changing facts, but may await agreement in principle on specific terms. If, on the other hand, progress in the negotiations should stabilize at same other point, disclosure should then be made if the information is material.

Whenever material information is being temporarily withheld, the strictest confidentiality must be maintained, and the company should be prepared to make an immediate public announcement, if necessary. During this period, the market action of the company's securities should be closely watched, since unusual market activity frequently signifies that a ''leak'' may have occurred. This is one reason why it is important to keep the company's [Corporate Relations Manager] *Listing Qualifications Analyst* fully apprised of material corporate developments.

Note: Federal securities laws may restrict the extent of permissible disclosure before or during a public offering of securities or a solicitation of proxies. In such circumstances (as more fully discussed below), a company should discuss the disclosure of material information in advance with the Exchange and the Securities and Exchange Commission. It is the Exchange's experience that the requirements of both the securities laws and regulations and the Exchange's disclosure policy can be met even in those instances where their thrust appears to be different.

Q. What action is required if rumors occur while material information is being temporarily withheld?

A. If rumors concerning such information should develop, immediate public disclosure becomes necessary. (See also ''Clarification or Confirmation of Rumors and Reports'' on page 4–7.)

Q. What action is required if insider trading occurs while material information is being temporarily withheld?

A. Immediate public disclosure of the information in question must be effected if the company should learn that insider trading, as defined in section 402(f), has taken or is taking place. In unusual cases, where the trading is insignificant and does not have any influence on the market, and where measures sufficient to halt insider trading and prevent its recurrence are taken, exemptions might be made following discussions with the Exchange. The company's [Corporate Relations Manager] *Listing Qualifications Analyst,* through the facilities of the Exchange's Stock Watch Department, can provide current information regarding market activity in the company's securities and help assess the significance of such trading.

* * * * *

(b) *Thorough Public Dissemination*

Q. What specific disclosure techniques should a company employ?

A. The steps required are as follows:

(i) *Prior to Public Disclosure.* The Exchange expects a company to notify [its Corporate Relations Manager] *the Exchange's Stock Watch Department* in advance of public disclosure of information which is non-routine or is expected to have an impact on the market for its securities. The Exchange, with the benefit of all the facts provided by the company, will be able to consider whether a temporary halt in trading, pending an announcement, would be desirable. A temporary halt in trading is not a reflection on the company or its securities, but provides an opportunity for disseminating and evaluating the information released. Such a step frequently helps avoid rumors and market instability, as well as the unfairness to investors that may arise when material information has reached part, but not yet all, of the investing community. Thus, in appropriate circumstances, the Exchange can often provide a valuable service to investors and listed companies by arranging for such a halt.

(ii) *At Time of Public Disclosure.* As a minimum, any public disclosure of material information should be made by an announcement released simultaneously to: [(A)] the national business and financial news-wire services [(Dow Jones, Reuters, and Bloomberg), (B) the national news-wire services (Associated Press and United Press International), (C) The New York Times and The Wall Street Journal, and (D) Moody's Investors Service and Standard & Poor's Corporation. The New York telephone numbers and addresses of these organizations are as follows:

Dow Jones & Company, Inc. (The Wall Street Journal), World Financial Center, 200 Liberty Street, New York, N.Y. 10281, (212) 416–2471

Reuters Ltd., 1700 Broadway, New York, N.Y. 10019, (212) 603–3300

Bloomberg Business News, 499 Park Avenue, New York, N.Y. 10022, (212) 318–2000

Associated Press, 50 Rockefeller Plaza, New York, N.Y. 10020, (212) 621–1500

United Press International, Five Penn Plaza, New York, N.Y. 10001, (212) 560–1100

The New York Times, 229 W. 43rd Street, New York, N.Y. 10036, (212) 556–1234

Standard & Poor's Corporation, 25 Broadway, New York, N.Y. 10004, (212) 208–8377
Moody's Investors Service, Inc., 99 Church Street, New York, N.Y. 10007, (212) 553–0300

Concerns that distribute press releases over private [teletype] networks may be extremely helpful in gaining news coverage. Two such organizations are PR Newswire, [150 E. 58th St., New York, N.Y. 10022 [(212) 832–9400 or (800) 832–5522 (outside New York)],] and Business Wire [, 1133 Avenue of the Americas, New York, N.Y. 10036 [(212) 575–8822 or (800) 221–2462 (outside New York)]].

Companies may also wish to broaden their distribution to other news or broadcast media, such as those in the location of the company's plants or offices, and to trade publications. The information in question should always be given to the media in such a way as to promote publication by them as promptly as possible, i.e., by telephone, telecopy, or in writing (by hand delivery), on an ''immediate release'' basis. Companies are cautioned that some of these media may refuse to publish information given by telephone until it has been confirmed in writing or may require written confirmation after its publication.

Whenever difficulty is encountered or anticipated in having an announcement about a material development published, a company should contact [its Corporate Relations Manager who may frequently] *The Exchange's Stock Watch Department, which may* be able to provide assistance. Finally, if despite all reasonable efforts, the announcement has not been published by one of the national news-wire services or one of the above-mentioned newspapers, the company should attempt to have the announcement disseminated through other media, such as trade, industry or business publications, or local newspapers (especially those in the area where the company's principal offices or plants are located or where its stockholders are concentrated). In cases where the announcement is of particular importance, or where unusual difficulty in dissemination is encountered, the company should consider the use of paid advertisements, a letter to stockholders, or both.

Companies may also disseminate information over the Internet. Information should not be made available over the Internet before the same information is transmitted to, and received by, the traditional news vendor services.

Three copies of all public announcements should be sent to the Exchange. [Announcements can be telecopied to the Exchange at (212) 306–1488.]

Q. How does the policy on thorough public dissemination apply to meeting with securities analysts, journalists, stockholders and others?

* * * * *

(c) *Clarification or Confirmation of Rumors and Reports*

no change

(d) *Response to Unusual Market Action*

Q. What is the significance of unusual market activity from the standpoint of disclosure?

A. Where unusual market action (in price movement, trading activity, or both) occurs without any apparent publicly available information which would account for the action, it may signify trading by persons who are acting either on unannounced material information or on a rumor or report, whether true or false, about the company. Most often, of course, unusual market activity may not be traceable either to insider trading or to a rumor or report. Nevertheless, the market action itself may be misleading to investors, who are likely to assume that a sudden and appreciable change in the price of a company's stock must reflect a parallel change in its business or prospects. Similarly, unusual trading volume, even when not accompanied by a significant change in price, tends to encourage rumors and give rise to speculative trading activity which may be unrelated to actual developments in the company's affairs.

Generally, unusual market activity will first be detected by either the Specialist in the company's securities or the Exchange's Stock Watch Department[. This information will then be passed on to the company's Corporate Relations Manager, who], *which* in turn, will contact company officials to apprise them of the activity.

* * * * *

Sec. 403. CONTENT AND PREPARATION OF PUBLIC ANNOUNCEMENTS

(a) *Exchange Requirements*

no change

(b) *Securities Laws Requirements*—The requirements of the Federal securities laws must also be carefully considered in the preparation of public announcements. In particular, these laws may impose special restrictions on the extent of permissible disclosure before or during a public offering of securities or a solicitation of proxies. Generally, in such circumstances, while the restrictions of the securities laws may affect the character of disclosure, they do not prohibit the timely disclosure of material factual information. Thus, it is normally possible to effect the disclosure required by Exchange policy.

[Whenever a conflict arises, the company should discuss the matter with the Securities and Exchange Commission, as well as with its Exchange Corporate Relations Manager, who can frequently assist in evaluating the problem.]

(c) *Preparation of Announcements*—The following guidelines for the preparation of press releases and other public announcements should help companies to ensure that the content of such announcements will meet the requirements discussed above:

(ii) no change

(iii) Since skill and experience are important to the preparation and editing of accurate, fair and balanced public announcements, the Exchange recommends that a limited group of individuals within the company be given this assignment on a continuing basis. (Since a press announcement usually must be prepared and released as quickly as possible, however, the group charged with this assignment should be large enough to handle problems that arise suddenly and unexpectedly.) The [company's Corporate Relations Manager] *Exchange's Stock Watch Department* can assist in assessing whether the release satisfies the Exchange's disclosure requirements.

(iv) no change

Sec. 404. EXCHANGE SURVEILLANCE PROCEDURES

[As previously noted, the Corporate Relations Managers are primarily responsible for the day-to-day relations with listed companies. They are familiar with the affairs of their assigned companies and are connected by direct wire to the trading floor of the Exchange. They also maintain close contact with the Exchange's Stock Watch Department, which is responsible for monitoring unusual market situations.]

In many cases, when unusual market action occurs, [it is reported to the assigned Corporate Relations Managers. In many cases, by checking with] Stock Watch[, the Corporate Relations Managers] is able to trace the reason for the action to a specific cause, such as recently disclosed information, recommendations by advisory services, or rumors. In certain instances, the Exchange's Market Surveillance Department may also be asked to check brokerage firms as to the source and reasons for activity stemming from their particular firms. (This latter information, it should be noted, must remain confidential to the Exchange.) If no explanation of the unusual activity is revealed, [the Corporate Relations Managers] *Stock Watch* may call officials of the company to determine whether the cause of the action is known to them. If the action appears to be attributable to a rumor or report, or to material information that has not been publicly disseminated, the company is requested to take appropriate corrective action, and it may be advisable, after consultation with trading floor officials, to halt trading until such action has been taken.

[Sec. 405. CONSULTATION WITH EXCHANGE CORPORATE RELATIONS MANAGERS

A company expecting to make a material corporate announcement should first contact its Corporate Relations Managers who is in a unique position to evaluate disclosure problems as they arise and explain their effect on the public, the company and the Exchange. By means of such advance consultation, effective liaison between companies and the Exchange is maintained, and a company can obtain the benefit of the Representative's experience in the day-to-day application of the Exchange's policies relating to corporate disclosure.]

PART 5. Dividends and Stock Splits (§§ 501–522)

NOTICES, RECORD DATE (§§ 501–509)

Sec. 501. NOTICE OF DIVIDEND

no change

Sec. 502. RECORD DATE

A company is not permitted to close its stock transfer books for any reason, including the declaration of a dividend. Rather, it must establish a record date for shareholders entitled. To a dividend which is at least ten days after the date on which the dividend is declared (declaration date). [However, in the

case. Of stock issues that do not have transfer facilities in the New York City metropolitan area, the record date shall not be less than such number of additional days (in excess of ten) after the declaration date as is equal to the mailing time (regular mail) between New York City and the city in which the Transfer Agent is located.

Note: *The requirement for additional time between the declaration date and the record date would also apply in cases where there is an intervening holiday or where the record date falls on a weekend.*]

A company is also required to give the Exchange at least ten days' notice in advance of a record date established for any other purpose, including meetings of shareholders.

Sec. 503. FORM OF NOTICE

Immediately after the board of directors has declared a cash or stock dividend, the company should: (a) release the news to the newspapers and news services, including the news-ticker services operated by Dow Jones & Company, Inc., and Reuters Ltd., (see § 402); and (b) notify the Exchange by telephone[, telegram] or [telecopier] *facsimile* and confirm by letter. The announcement and notice should specify the name of the company, date of declaration, amount (per share) of the dividend, and the record and payment dates.

* * * * *

EX-DIVIDEND-EX-RIGHTS (§§ 501–522)

Sec. 512. EX-DIVIDEND PROCEDURE

[In the establishment and announcement of ex-dividend dates, the Exchange proceeds as follows:

Transfer Facilities Located in New York City] Transactions in stocks (except those made for ''cash'') [for which there exist transfer facilities in New York City (see § 801)] are ex-dividend on the second business day preceding the record date. If the record date selected is not a business day, the stock will be quoted ex-dividend on the third preceding business day. ''Cash'' transactions are ex-dividend on the business day following the record date.

* * * * *

[Sec. 520. SCHEDULE FOR CUSTOMARY EX-DIVIDEND DATES

The ''ex-dividend'' date established by the Exchange is based on the location of the transfer facilities either in, or nearest to, New York City. Thus, if an issue transfers both in New York City and outside of New York City, the ''ex'' date is based on the New York City transfer facilities. If an issue does not transfer in New York City, but transfers in two or more cities outside of that area, the ''ex'' date is based on the location of the transfer facilities closest to New York City.

To avoid unnecessary claims for dividends, members receiving deliveries of stocks against ''dividend on'' transactions, are urged to provide for the early mailing of such stocks which transfer out of town, in order to ensure receipt by the transfer agent by the record date.]

Sec. 521. SPECIAL EX-DIVIDEND RULINGS

(a) no change

(b) no change

(c) ''*Cash'' Transactions*—The Ex-Dividend Rule of the Exchange specifies that ''cash'' transactions (in which delivery of the security must be made on the date of the transaction) [in the case of stocks transferring in the New York City Metropolitan area,] shall be ''ex-dividend'' on the business day following the record date[, and in the case of stocks transferring only outside of that area shall be ''ex-dividend'' on the business day following the ''equivalent New York record date'']].

* * * * *

PART 6. According; Annual and Quarterly Reports (§§ 603–624)

ACCOUNTING (§ 603, § 604)

Sec. 603. CHANGE IN ACCOUNTANTS

A listed company is required to notify its [Corporate Relations Managers] *Listing Qualifications Analysis* promptly (prior to filing its 8-K) if it changes independent accountants; and must state the reason for such change.

* * * * *

INTERIM REPORTS (§§ 622–624)

[Sec. 622. REQUESTS FOR EXTENSION

A company should immediately notify its Corporate Relations Manager whenever it files with the SEC a request for extension of time for the filing of its interim statements on SEC Form 12b-25.]

* * * * *

PART 7. Shareholders' Meetings, Approval and Voting of Proxies (§§ 701–726)

SHAREHOLDERS' APPROVAL (§§ 701–706)

* * * * *

[Sec. 702. CHARTER AND BY-LAW AMENDMENTS

A listed company is required to file with the Exchange a copy of any amendment to its charter or by-laws (or equivalent documents), as soon as it becomes effective. Such filing must include:

(a) *in the case of a charter amendment*—a certification by the Secretary of State (or similar authority) that the filing is a true and complete copy of the amendments; and

(b) *in the case of a by-law amendment*—a resolution of the board of directors (certified by an officer of the company) authorizing the by-law amendment.]

* * * * *

SHAREHOLDERS' APPROVAL (§§ 710–713)

* * * * *

Sec. 713. OTHER TRANSACTIONS

The Exchange will require shareholder approval (pursuant to a proxy solicitation conforming to SEC proxy rules) as a prerequisite to approval of applications to list additional shares to be issued in connection with:

(a) a transaction involving:

(i) the sale, [or] issuance, *or potential issuance* by the company of common stock (or securities convertible into common stock) at a price less than the greater of book or market value which together with sales by officers, directors or principal shareholders of the company equals 20% or more of presently outstanding common stocks; or

(ii) the sale, [or] issuance, *or potential issuance* by the company of common stock (or securities convertible into common stock) equal to 20% or more of presently outstanding stock for less than the greater of book or market value of the stock; or

(b) a transaction which would involve the application of the Exchange's original listing guidelines as described in § 341.

VOTING BY EXCHANGE MEMBERS, TRANSMISSION OF PROXY MATERIALS (§§ 720–726)

* * * * *

Sec. 726. VOTING BY SPECIALISTS (SEE EXCHANGE RULE 186)

[An] Exchange specialists [is] *are* prohibited from soliciting, directly or indirectly, any proxy on behalf of [himself] *themselves* or any other person in respect of a security in which [he is] *they are* registered as a specialist. [A specialist is] *Specialists are* also prohibited from voting in any proxy contest any such security in which [he has] *they have* a beneficial interest.

[PART 8. Transfer Facilities; Certificate Requirements (§§ 801–841)

TRANSFER AGENTS, REGISTRARS, TRUSTEES (§§ 801–811)

Sec. 801. TRANSFER AND REGISTRY FACILITIES

Listed companies are required to maintain transfer and registry facilities (including facilities for conversion or exchange) for their listed securities, which are satisfactory to the Exchange. Such transfer and registry facilities may be located in New York City or outside of New York City provided, in each case, that the requirements of Rule 891 of the Board of Governors of the Exchange, set forth below, are met.

Board of Governors Rule 891:

Requirements in order to qualify as a Transfer Agent for securities listed on the American Stock Exchange (where the listed Company does not act as its own Transfer Agent) in respect of (i) all Transfer Agents located in New York City, and (ii) Transfer Agents located out-of-town where the listed Company has no Transfer Agent in New York City.

1. Office facilities (hereinafter referred to as the ''office'') satisfactory to the Exchange and the issuer to receive and redeliver securities must be located south of Chambers Street in the Borough of Manhattan, City of New York.

2. Routine transfers are to be processed and available for pick-up at the office under normal conditions within 48 hours, *e.g.*, if received before Noon on Monday must be available for pick-up no later than immediately after 1:00 P.M. on Wednesday.

3. The Transfer Agent must assume total responsibility and liability for securities from the time of deposit at the office until delivery at the window. The Transfer Agent must maintain insurance coverage of a least $10,000,000 to protect securities while in transit or in process of transfer, and it must

be in a position to demonstrate that it has a substantial new worth. If the Transfer Agent does not have capital, surplus (both capital and earned), undivided profits and/or capital reserves aggregating at least $3,000,000, it will be required to furnish additional evidence of its ability to meet financial obligations and it may be required to maintain insurance coverage in excess of $10,000,000. In this regard, all relevant factors will be considered such as its past record of operations as a transfer agent, the experience of its management and supervisory personnel, its security and record-keeping procedures, the nature and scope of any other activities in which it is engaged and the amount of its capital in relation to its overall business activities.

4. Out-of-town agents having a drop in New York must make appropriate arrangements to pick up from and deliver to Depositary Trust Company normally within the 48-hour period and framework mentioned above.

5. Personnel at the office must have sufficient experience to respond promptly to inquiries regarding transfers, including legal items.

6. Securities received before the close business at the office on a record date or any other date involving the rights of a security holder must be recorded as of the date so as to establish the transferee's rights.

7. Facilities should be available for expediting transfer service when needed. No objection will be made if a reasonable charge is made for such special service.

8. The Exchange reserves the right to request a company with securities listed on the Exchange to terminate the appointment of its transfer agent in the event of failure of such transfer agent to conform to all of the foregoing requirements.

Sec. 802. AGREEMENT WITH TRANSFER AGENT

A company is required to cause its transfer agent or agents to enter into an agreement with the Exchange (Listing Form 3 for common stock and Listing Form 5 for warrants) whereby the transfer agent must notify the Exchange 10 days after the close of each calendar quarter of the number of shares outstanding as of the last business day of the calendar quarter for each security listed on the Exchange. The transfer agent must also notify the Exchange if its services are discontinued.

Sec. 803. AGREEMENT WITH REGISTRAR

A company is also required to cause its registrar or registrars to enter into an agreement with the Exchange (Listing Form 4) whereby the registrar agrees to notify the Exchange 10 days after the close of each calendar quarter of the number of shares registered for each security listed on the Exchange. A registrar must also notify the Exchange if its services are discontinued.

Sec. 804. ADDITIONAL TRANSFER AND REGISTRY FACILITIES

Transfer and registry agencies maybe maintained in more than one city. However, when shares are transferred in more than one transfer office, the combined amounts of stocks registered in all transfer offices shall not exceed the amount authorized for listing (See also § 829.)

Sec. 805. ACTING IN DUAL CAPACITY

A qualified bank, trust company, listed company or other qualified organization may act in the dual capacities of transfer agent and registrar, provided that it countersigns stock certificates in both capacities. All entities which act in the dual capacity of transfer agent and registrar are required to assure the Exchange that such functions are maintained separately and distinctly with appropriate internal controls, subject to an annual review by the agent's independent auditors which shall be provided to the entity's board of directors.

A listed company acting in the dual capacity of transfer agent and registrar for its own securities shall be required to sign an appropriate agreement with the Exchange to, among other things:

1. maintain offices, staffed by qualified personnel, with adequate facilities for the safekeeping of securities in its possession where transfer and registration may be completed within forty-eight hours;

2. be responsible to indemnify purchasers for any loss arising out of over/under issuance of all securities delivered to, or picked up by, it as agent, until such securities are delivered pursuant to instructions; and

3. maintain the transfer agent and registrar functions as separate and distinct with appropriate internal controls, such controls to be reviewed annually by the company's independent auditors.

Sec. 806. COMPANY ACTING AS OWN TRANSFER AGENT AND/OR REGISTRAR

If a security is transferred and/or registered at the company's office, the persons who shall be authorized to sign certificates in the capacity of registrar and transfer agent shall be appointed by specific authority of the board of directors and shall not be an officer who is otherwise authorized to sign certificates on the company's behalf.

Note: A listed company which acts as transfer agent and/or registrar for the securities of another issuer must comply with Exchange rules pertaining to unaffiliated banks, trust companies or other organizations (see Amex Rule 891).

Sec. 807. APPOINTMENT OF NEW AGENT

A company is not permitted to appoint a transfer agent, registrar, or other fiscal agent of a security of the company listed on the Exchange without prior notice to and approval of the Exchange. A registrar must, at the time of its appointment, be acceptable to the Exchange as a registrar for securities listed on the Exchange.

Sec. 808. SPLIT-UP OF CERTIFICATES AFTER CLOSING TRANSFER BOOKS

If the transfer books of a company should be closed permanently, the company is required to continue to split-up certificates into smaller denominations in the same name so long as such stock remains listed on the Exchange.

Sec. 809. AGENT FOR REGISTRATION ON BONDS OR DEBENTURES

A company applying for the listing (or having listed) registered bonds or debentures on the Exchange is required to maintain in New York City (See § 801) an office or agency, satisfactory to the Exchange, where such bonds or debentures are registerable. In the case of bonds or debentures issued in bearer form, such office or agency must provide for the payment of principal and interest on such indebtedness.

Sec. 810. AGENT FOR PAYMENT OF DIVIDENDS, INTEREST AND PRINCIPAL

A listed company is permitted to designate an agent, satisfactory to the Exchange, located in or outside New York City, for the payment of dividends, interest and principal (on bonds or debentures), and other payments with respect to a listed security. If, however, checks for such payments are drawn on a bank located outside New York City, additional arrangements must be made for payment against such checks at a bank, trust company or agency located in New York City; and the details of those arrangements disclosed to the payee.

Sec. 811. TRUSTEES FOR BOND ISSUES

(a) *Trustee to be a bank or trust company*—The trustee of a bond issue must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as trustee, a qualified trust company or banking institution must be appointed co-trustee.

(b) *Separate trustee for each issue*—If the company, either at the time of listing or subsequently, should have bonds or other evidences of indebtedness outstanding under more than one mortgage, indenture or deed or trust, each issue shall be represented by a different trustee; provided, however, that separate trustee shall not be required in the case of several issues of bonds issued under one or more indentures that have been qualified under the Trust Indenture Act of 1939, as amended.

(c) *Persons not acceptable as trustees*—The Exchange does not regard as satisfactory to act as a trustee for a listed issue any: (i) officer or director of the issuing company; (ii) trust company, banking institution, or other organization in which an officer of the issuing company is an executive officer; or (iii) organization controlled by, under common control with, or which itself controls, the issuing company.

(d) *Changes in trustees*—No change is to be made in the trustee of a listed issue without prior notice to and approval of the Exchange.

FORM OF SECURITIES-ENGRAVING (§ § 820–830)

Sec. 820. REVIEW BY THE EXCHANGE

In addition to complying with the requirements set forth below, companies should submit the following to the Exchange for review and approval:

(a) proofs of a security prior to final printing; and

(b) specimens of the security in final form, printed on the bond paper to be used for the definitive security, accompanied by the banknote company agreement described in § 823. No change in the form of a certificate should be made without the approval of the Exchange.

Sec. 821. ENGRAVED BORDER

The face of listed securities (stocks and bonds) must be printed from at least one engraved steel border plate produced by a banknote company whose work is acceptable to the Exchange. The company may, at its option, use a second steel engraved face plate.

Sec. 822. BORDER PLATE ORIGINAL

The engraved border plate (and engraved face plate, if used) must be original to the banknote company which prepared the security, and the name of such banknote company must appear on the face of all securities and also on the face of coupons and filing panel of each bond.

The border plate shall remain in the permanent possession of the banknote company which produced it. The plate may be used by such banknote company in the production of ''controlled stock'' securities of more than one company, provided that such securities are prepared in their entirety on the premises of such banknote company, which shall furnish the Exchange with the certificate and agreement described in § 823.

Sec. 823. AGREEMENT OF BANKNOTE COMPANY

The final specimen submitted to the Exchange must be accompanied by:

(a) a certificate of the banknote company that:

(i) the security has been prepared in accordance with the printing and engraving requirements of the American Stock Exchange; and

(ii) all work done in connection with the preparation and manufacture of the dies, rolls, plates and certificates has been and will be done entirely on the premises of the banknote company, except as may be specifically noted (if there are any exceptions, full details must be given);

(b) an agreement by the banknote company (by its terms binding upon the banknote company, its successors and assigns) that all dies, rolls, plates and other engravings used in connection with the manufacture of certificates of the particular issue will, at all times, be and remain in the possession of the banknote company and, when not actually being used in connection with the manufacture and preparation of certificates, will be kept in a vault on the premises of the banknote company, and all completed certificates of the issue and all certificates in process will, prior to delivery to or upon the order of the issuing company (except when in actual process of manufacture), be kept in such vault. (See Appendix for suggested format.)

Sec. 824. COLOR

The printing of securities must be in distinctive colors to make classes and denominations readily distinguishable.

Sec. 825. PAPER-SIZE

All paper used for securities must be of an excellent grade of bond paper, of adequate weight and strong enough to withstand the strains and stresses of frequent handling. Stock certificates shall be of the standard size of 8×12 inches.

Sec. 826. DENOMINATIONS

The Exchange has no requirements as to denominations of stock certificates and permits either the sole use of single (unlimited) denomination certificates, or certificates for 100 shares, less than 100 shares and unlimited denominations.

The denomination of 100 shares, less than 100 shares and more than 100 share certificates should be appropriately indicated on the certificate by engraving or surface printing at the option of the company. Companies which do not have a separate certificate for more than 100 shares may alter the certificate for 100 shares or for less than 100 shares by over-printing.

Certificates for other than 100 shares should indicate the exact number of shares by the use of a macerating machine that breaks the paper or a matrix. A company may also use a punchout panel in addition to one of the methods noted above.

Sec. 827. PAR VALUE

The par value of common stock may be eliminated from common stock certificates, except where required by law. Par value may also be eliminated from preferred stock certificates, except where the dividend rate is expressed as a percentage of par value. Where a company elects to eliminate par value from its stock certificates, an opinion of counsel as to legality under applicable state law and the company's charter should be filed with the Exchange. Where par value is shown on certificates, either as the result of legal requirements or a company's preference, it may be surface printed rather than engraved.

Sec. 828. PREFERENCES

If the stock certificates of a company do not recite the preference of all classes of its stock, the company is required to furnish to its shareholders, upon request and without charge, a printed copy of preferences of all classes of its stock. A reference to the availability of such copy should appear on such certificates.

Sec. 829. CERTIFICATES TRANSFERRED IN MORE THAN ONE TRANSFER OFFICE

When shares are transferred in more than one transfer office, certificates should be interchangeably transferable and identical in color and form, except as to names of transfer agent and registrar, and the certificates shall bear a legend naming all cities in which they may be transferred.

Sec. 830. SUPPLY OF CERTIFICATES

A company is required to have on hand at all times a sufficient supply of certificates to meet the demands for transfer.

LOST CERTIFICATES, CUSIP NUMBERS (§§ 840, 841)

Sec. 840. REPLACEMENT OF LOST CERTIFICATES

A company is required to issue new certificates for securities listed on the Exchange replacing lost ones immediately upon notification of loss and receipt of proper indemnity.

In the event of the issuance of any duplicate bond to replace a bond which has been alleged to be lost, stolen or destroyed and the subsequent appearance of the original bond in the hands of an innocent bondholder, either the original or the duplicate bond will be taken up and canceled and the company must deliver to such holder another bond theretofore issued and outstanding.

Sec. 841. CUSIP IDENTIFICATION NUMBER

Certificates for listed securities are required to have imprinted thereon the appropriate CUSIP identification number which is provided by Standard & Poor's Corp.

PART 9. Treasury Shares; Additional Matters (§§ 901–994)

TREASURY SHARES, REDEMPTIONS AND REPURCHASES (§§ 901–903)

* * * * *

Sec. 901. ACQUISITION OR DISPOSITION OF TREASURY SHARES

A company is required to report to the Exchange, within ten days after the close of each fiscal quarter, any reacquisition or disposition of its previously issued shares listed on the Exchange made during the quarter. Such reports are to include treasury share transactions for the account of the company, whether direct or indirect, and are to show separate totals for acquisitions and dispositions and the number of treasury shares held by it at the end of the quarter.

A sample form of report is shown below:

American Stock Exchange

86 Trinity Place
New York, N.Y. 10006–1881

Dear Sirs: Pursuant to section 901 of the Company Guide, this is to report that the company effected transactions in shares of its previously issued common stock, $1 par value, during the quarter ended (date), as follows:

Treasury shares held as of (date): 60,000
Shares reacquired during quarter ended (date):
Total: 60,000
Shares disposed of during quarter ended (date):
(Date)—Exercise of option: 2,000
(Date)—Exercise of option: 8,000
Total shares disposed of: 10,000
Balance as of (date): 50,000

Very truly yours,
XYZ COMPANY

Sec. 902. REDEMPTION, CANCELLATION, RETIREMENT

A company is not permitted to select any of its listed securities for redemption

otherwise than pro rata or by lot, and is required to notify the Exchange at least 15 days in advance of any redemption and to furnish it promptly with any information requested in connection with the redemption.

Bonds, debentures or preferred stocks issued, or to be issued, under an indenture or charter provision not conforming to this requirement are not eligible for listing on the Exchange.

A company is also required to notify the Exchange promptly of any corporate action which will result in the redemption, cancellation or retirement, in whole or in part, of any of its securities listed on the Exchange, and to notify the Exchange as soon as the company has notice of any other action which will result in any such redemption, cancellation or retirement.

Notices under this section should be directed to the attention of the company's Corporate Relations Manager.

Sec. 903. REPURCHASES OF LISTED COMPANY SECURITIES

(a) *Private Transactions—Purchase Above Market*—A company is required to notify the Exchange promptly of all facts relating to the purchase, direct or indirect, of any of its securities listed on the Exchange at a price in excess of the market price of such security prevailing on the Exchange at the time of purchase. Such reports should be made by telephone or telex and confirmed by letter.

Since such transactions may involve state and Federal legal considerations, it is recommended that company counsel and officials of the Exchange be consulted prior to effecting a proposed repurchase of listed securities above the market.

It is the policy of the Exchange to make such reports available to the public in its library. In addition, the Exchange may require the company to issue a public announcement and a notice to its shareholders regarding such repurchase.

(b) *Open Market Purchases*.—Rule 10b–18 under the Exchange Act provides a ''safe harbor'' for issuer repurchases of up to 25% of the average daily volume for the preceding four weeks of exchange-traded securities when certain timing, price and broker-dealer conditions are met. Part (c) of such Rule specifically provides, however, that compliance with the conditions is not the exclusive method available to listed companies to effect repurchases in the marketplace.

Companies planning to repurchase their securities in the marketplace, should consult with their Corporate Relations Manager (whether or not they plan to rely on the safe harbor of the Rule) to ascertain the appropriate disclosure necessary for the maintenance of a fair and orderly market.

Note: Companies should be aware of the prohibitions on purchases contained in Rule 10b–6 under the Act when they are involved in a non-technical distribution of their securities.

(c) *Purchases on behalf of certain employee plans*—Rule 10b–6 under the Exchange Act exempts purchases by independent agents, as defined, on behalf of certain employee and shareholder plans.

(d) *Tender Offer*—A listed company contemplating the making of a tender offer for any or all of its securities should structure the offer so as to comply with all applicable Federal and state securities laws.

Inasmuch as a tender offer may significantly affect the market for or the continued listing eligibility of the security, the company should consult with its Corporate Relations Manager prior to the announcement and commencement of such offer.

(e) *Odd-lot Tender Offers*—A company intending to make a tender offer to its odd-lot (1 to 99 shares) holders may find the following guidelines helpful:

(i) the use of a retroactive record date (*i.e.*, a date immediately preceding the date of announcement) will enable the company to restrict the offer to existing odd-lot holders.

(ii) the tender offer should remain open for a sufficient period of time to provide all odd-lot holders with ample opportunity to participate; and

(iii) since many odd-lot holdings are in ''street'' or nominee names, the company should provide a mechanism which allows its beneficial holders to participate equally with record holders. In this connection, a company may wish to consider the following:

(A) a ''broker guarantee'' provision which permits the tender of odd-lot holdings that are not readily available for physical delivery within the tender period;

(B) a requirement that holders of record tendering on behalf of a beneficial owner confirm to the company that the securities tendered represent the beneficial owner's entire holdings of that security.]

RELATIONSHIP WITH SPECIALIST (§ 910)

Sec. 910. PROCEDURES, RULES AND REGULATIONS

From time to time, company officials inquire about Exchange rules or regulations affecting their relationship to the registered specialist in their securities.

(a) *Specialist's Function*—[The specialist is a] *Specialists are* member*s* of the Exchange who performs two basic functions regarding the issues in which [he] *they* specialize[s]. As [a] brokers, [he *they* hold[s] and execute[s] orders entrusted to [him] *them* by other brokers on behalf of their customers. As [a] dealers, [he is] *they are* obliged, insofar as reasonably practicable, to purchase and sell securities for [his] *their* own account in order to help maintain a fair and orderly market. [His] *Their* aim is to provide a continuous auction market throughout the trading day, with minimum price changes between transactions. [The specialist does] *Specialists do* not by [his] *their* own activities determine the trend of stock prices. Rather, the price at any given moment is determined fundamentally by the balance of public buy and sell orders.

(b) *Liaison*—The Exchange recognizes that periodic communication between company officials and their specialists, if appropriately conducted, can be beneficial to both parties. Such communication may provide company officials with a better understanding of the auction market, the specialist system and their own specialist's role in relation to the company's securities. From the specialist's viewpoint, an awareness and understanding of the company and its affairs may aid [him] *specialists* in discharging [his] *their* responsibility for maintaining a fair and orderly market in the company's securities.

(c) *Scope of Permissible Disclosure*—In view of the specialist's central and sensitive role in the auction market, it is essential that Federal securities laws, Exchange rules and a responsible code of conduct be observed in all communications between specialists and company officials. The following summary may serve as a guide as to the scope of permissible disclosure in such communications.

A company may make available to the specialist whatever information it has provided to its stockholders, security analysts or the general public, such as specific data and information concerning general trends relating to the company's business, as well as industry and general economic developments that may influence the company's welfare. It is improper, however, to furnish to the specialist any material information not previously released to the public regarding such matters as earnings, forecasts, anticipated dividend action, a proposed stock split, merger negotiations or any other undisclosed matter which is likely to have a significant effect on the price of the company's securities or influence investment decisions.

While it is not contemplated that a company will be in continuous contact with its specialist, the specialist may from time to time inform company officials of unusual market problems and respond to broad questions about the market in the company's stock. The restrictions imposed on [a] specialist*s* concerning the information [he] *they* may disclose are set forth in paragraph (d)(i) below.

Within this framework, company officials and specialists should feel free to call upon each other so that a mutually beneficial understanding of the problems encountered by each is fostered.

(d) *Exchange Rules Governing Specialist's Activities*—In addition to certain provisions of the Securities Exchange Act of 1934, a number of Exchange regulations place clearly defined limits on a specialist's activities. An awareness of both the intent and spirit of Exchange rules, and the responsibilities the Exchange places on the specialist, will help ensure that contacts between company officials and the specialist are conducted within the framework provided for above.

With respect to any security in which a specialist is registered, Exchange rules prohibit [the] specialist*s* (and, with respect to paragraphs iii through ix, the member firm or member corporation of which the specialist is a member) from:

(i) disclosing, at any time, to any person other than a Floor Official or authorized Exchange Official, any information in regard to orders entrusted to the specialist or the name of a buyer or seller except as may be necessary solely for the purpose of processing a transaction; however, that when requested by a member, member organization, or representative of the issuer of the security involved, [the] specialist*s* shall, to the best of [his] *their* ability, disclose

to such parties the names of buying and selling member organizations in completed Exchange transactions unless specifically directed to the contrary by the member organizations involved;

(ii) effecting transactions for [his] *their* own account, unless such dealings are reasonably necessary to permit [him] *them* to maintain a fair and orderly market;

(iii) acquiring, holding or granting an option in any such security;

(iv) being an officer or director of the issuer of any such security;

(v) nominating, directly or indirectly, any person to be on the board of directors of the issuer of any such security;

(vi) effecting, directly or indirectly, any business transaction with the issuer of any such security or any officer, director or 10% stockholder of any such issuer;

(vii) accepting an order for the purchase or sale of any stock directly from the company issuing such stock; from any officer, director or 10% stockholder of that company; from any pension or profit-sharing fund; or from any bank, trust company, insurance company, investment company, or similar institution;

(viii) soliciting any proxy, directly or indirectly, on behalf of [himself] *the specialist* or any other persons in respect of any such security; and

(ix) voting, directly or indirectly, in any proxy contest involving any such security in which [he] *the specialist* has a beneficial interest.

With respect to any security in which a specialist is registered, Exchange rules require the specialist to report to the Exchange:

(i) unusual activity or price change:

(ii) information which may materially affect the business or financial structure of the issuer of, or the market for, such security;

(iii) the existence of options or selling agreements;

(iv) any unusual transaction in which the specialist participates as a broker or dealer; and

(v) each purchase and sale for the specialists' own account.

[(e) *Corporate Relations Manager*—A company's Corporate Relations Manager may serve as a communications link between a company and the specialist and can be helpful whenever questions about activity in a company's stock or other matters arise (see §§ 207 and 405).] *Director—The company will be assigned a day-to-day contact (Director) who will:*

(i) respond to questions concerning performance of the company stock;

(ii) assist the company in developing customized investor relations programs;

(iii) keep company officials abreast of industry—related issues and rule changes; and

(iv) serve as liaison between company officials and specialist and generally provide guidance to the company concerning its Exchange listing.

* * * * *

CHANGE OF NAME (§ 930, § 931)

Sec. 930. CHANGE OF NAME

A company proposing to change its name should:

* * * * *

(c) As soon as the change in name has been approved by shareholders, notify the Exchange [(by telephone or telex)] of the time when the amendment to the charter will be filed and the change in name will become effective. Confirm this advice by letter.

* * * * *

(e) Notify the Exchange [(by telephone or telex)] as soon as the amendment has actually been filed and confirm this advice by letter.

[(f) As soon as available, furnish the Exchange with a copy of the amendment to the charter covering the change in name certified as to its filing by the office of the Secretary of State. A specimen copy of each denomination of the stock certificates on which the change in name is reflected (in the form in which such certificates will be issued against transfers after the effective date of the change in name) should also be furnished.]

* * * * *

CHANGE IN PAR VALUE (§ 940)

Sec. 940. CHANGE IN PAR VALUE

A company that changes the par value of a stock issue listed on the Exchange, *without an increase or decrease in the number of shares listed*, is required to follow the procedures and file the papers specified below:

* * * * *

[(d) Immediately after the filing of the charter amendment, the company must furnish the Exchange with the following documents:

(i) A copy of the Certificate of Amendment of the charter effecting the change in par value, certified by the Secretary of State or corresponding authority.

(ii) Specimens of all denominations of the new or changed form of stock certificates reflecting the change in par value. It is advisable to furnish these prior to the filing of the charter amendment.

(iii) Opinion of counsel of satisfactory standing: (A) as to the legality of authorization of the change and the validity of the new par value shares resulting from such change; (B) that the new par value shares are validly issued, fully-paid and non-assessable; and (C) that no personal liability attaches to ownership thereof. If such counsel or any partner of such, counsel (or, if a firm, any member thereof) is an officer, director or shareholder of the company, this fact should be stated in the opinion.]

* * * * *

APPLICATION AND INTERPRETATION OF REQUIREMENTS (§§ 90–994)

* * * * *

Sec. 994. NEW POLICIES

Copies of new or revised rules, policies, or forms, adopted subsequent to the date of this Guide, will be distributed, following their adoption. Questions concerning new materials, as well as materials contained in this Guide, should be directed to a company's assigned [Corporate Relations manager] *Listing Qualifications Analyst.*

* * * * *

PART 11. Guide To Filing Requirements (§ 1101, § 1102)

Sec. 1101. GENERAL

A company having a security listed on the Exchange and registered under Section 12(b) of the Securities Exchange Act of 1934 is required to file information, documents and reports with the SEC (or other appropriate regulatory agency) on a timely basis and file original or conformed copies with the Exchange. With the exception of annual reports to shareholders, which must continue to be filed with the Exchange in hard copy, a company which submits such material electronically to the SEC will be deemed to have satisfied this requirement.

The Exchange also requires timely notice and written confirmation of certain additional information, including proposed amendments to and certified copies of the Certificate of Incorporation, By-laws or other similar organization documents and all material sent to shareholders or released to the press. A summary guide to the Exchange's filing requirements following:

* * * * *

[Treasury Stock Changes	Within ten days after the end of a quarter in which a change occurred.	1	901]
* * *	* * *	*	
[Charter or By-Law Amendments	As soon as effective	1	702]
* * *	* * *	*	
Form N–SAR (for unit investment trusts and open-end management investment companies).	*Concurrently with SEC filing*	**1*	*1101*
Form N–30D (for unit investment trusts and open-end management investment companies).	*Concurrently with SEC filing*	*3*	*1101*
Form 24F–2; Form S–6; Form N–8B–2 (for unit investment trusts).	*Concurrently with SEC filing*	**1*	*1101*
497 (for open-end management investment companies)	*Concurrently with SEC filing*	*3*	*1101*

Form 24F–2 NT (for open-end management investment companies).	*Concurrently with SEC filing*	*1	*1101*

* * * * * * *

Supplement

Emerging Company Marketplace

The Exchange established the Emerging Company Marketplace to accommodate the listing of companies, domestic or foreign, which are too small to qualify for regular listing. In May 1995 the Exchange determined to discontinue the list of new companies on the ECM. Companies which were listed on the ECM at that time were permitted to continue listed there, subject to all the rules applicable to ECM issues.

[NUMERICAL CRITERIA

A. Common Stock

	Regular	Alternate
Companies Traded in NASDAQ:		
Total Assets	$2 million	$2 million.
Stockholders' Equity	$1 million	$2 million.
Aggregate Market Value	$2.5 million	$2.5 million.
Public Float*	250,000 shares	250,000 shares.
Public Shareholders*	300	300.
Minimum Price	$1	Below $1.
Companies Not Traded in NASDAQ:		
Total Assets	$4 million	$3 million.
Stockholders' Equity	$2 million	$2 million.
Aggregate Market Value	$2.5 million	Above $10 million.
Public Float*	250,000 shares	400,000 shares.
Public Shareholders*	300	3,300.
Minimum Price	$3	$2.

*These terms include both shareholders of record and beneficial holders, but are exclusive of the holdings of officers, directors, controlling shareholders, and other concentrated (*i.e.* 5 or grater), affiliated or family holdings.

B. Preferred Stock

In addition to satisfying the assets, equity and price criteria set forth in A above, the company must (i) appear to be in a financial position sufficient to satisfactorily service the dividend requirements for the issue, and (ii) have at least 100,000 preferred shares publicly held (as defined in A above) with an aggregate market value of at least 2,000,000.

The Exchange will not list convertible preferred issues containing a provision which gives the company the right, as its discretion, to reduce the conversion price for periods of time, or from time to time, unless the company establishes a minimum period of ten business days within which such price reduction will be in effect.* The Exchange also will not consider listing a convertible preferred issue unless the underlying common stock meets all the criteria set forth in Part A above.

The Exchange strongly recommends that each preferred issue listed on the ECM be structured so as to comply with the voting requirements of Section 124 of the Company Guide.

C. Warrants

The listing of warrant issues is subject to all of the numerical criteria set forth in Part A, except for those with respect to price and market value. However, the Exchange will not consider listing warrants exercisable into common stock unless such common stock meets all the criteria set forth in Part A above.*

The Exchange will not list warrant issues containing provisions which give the company the right, at its discretion, to reduce the exercise price of the warrants for periods of time, or from time to time, during the life of the warrants, unless the company establishes a minimum period of ten business days within which such price reduction will be in effect. This policy will not preclude the listing of warrant issues for which regularly scheduled and specified changes in the exercise price have been previously established.

Whenever a company having warrants listed on the Exchange effects a split of 3-for-2 or greater in the underlying shares, the Exchange requires that a corresponding split be made in the warrants.

D. Debt Issues

Companies applying for listing of bonds or debenture issues are expected to meet the following criteria:

(a) The company appears to be in a financial position sufficient to satisfactorily service the debt issue to be listed and meets the assets and stockholders' equity criteria set forth in A above.

(b) Listing will be limited to debt securities of at least $5 million in principal amount/aggregate market value.

(c) The Exchange will not list convertible debt issues containing a provision which gives the company the right, at its discretion, to reduce the conversion price for periods of time, or from time to time, unless the company establishes a minimum period of ten business days within which such price reduction will be in effect.* The Exchange also will not consider listing a convertible debt issue unless the underlying common stock meets all the criteria set forth in Part A above.

E. Units

The Exchange may list units comprised of one or more of the securities enumerated above provided that each of the component parts of the unit would otherwise separately satisfy the applicable listing requirements.

F. Redemption, Cancellation, Retirement

A company is not permitted to select any of its listed securities for redemption otherwise than pro rata or by lot, and is required to notify the Exchange at least 15 days in advance of any redemption and to furnish it promptly with any information requested in connection with the redemption.

G. Listing Procedures

A company which satisfies the original listing criteria may apply for a confidential preliminary listing eligibility opinion which will be furnished without charge as described in § 202.

Footnotes: *The Exchange will not consider listing warrants, convertible preferred or convertible debt issues of a company unless current last sale information is available with respect to the underlying security.]

* * * * *

[LISTING FEES

There is a one-time original listing fee of $5,000 which is inclusive of all issues which become listed on the ECM. In addition, an annual fee shall be payable, as provided by § 141.]

* * * * *

CONTINUED LISTING CRITERIA

Continued listing on the Exchange is dependent upon compliance with the following numerical criteria:

A. Common Stock

no change

[B. Preferred Stock

In addition to satisfying the assets, equity, market value and price criteria set forth in A above, the company will be subject to

delisting if it does not have at least 50,000 preferred shares publicly held (as defined in A above).

C. Warrants

Warrant issues must satisfy all the numerical criteria set forth in Part A, except those with respect to price and market value. In addition if the warrants are exercisable into common stock, the warrants are subject to delisting if the common stock is not in compliance with the numerical criteria set forth in A above.

D. Debt Issues

Continued listing on the Exchange for bond and debenture issues is dependent upon compliance with the criteria specified in §§ 1003 (b)(iii) and (e) of the *Company Guide.*

E. Units

Continued listing on the Exchange of units comprised of one or more of the securities enumerated above is dependent upon compliance by each component part of the unit with the applicable criteria enumerated above.

F. Additional Requirements

Companies with a deficiency in market value or price for 10 consecutive trading days shall have 90 days thereafter in which to comply with the continued listing requirements. Companies with a deficiency in any other criteria shall be immediately subject to delisting in accordance with the procedures set forth in § 1010 of the Company Guide.

In addition, the Exchange shall delist any issue which ''ceases to be an Eligible Security'' pursuant to Section VI(c)(iii) of the Consolidated Tape Plan, and the issues of any company which fails to take appropriate steps to ensure that no ECM-listed securities are sold in its behalf in reliance upon the exemption from state securities registration which is otherwise available to companies listed on the Exchange.

Appendix: Listing Forms

* * * * *

Listing Form 1

Listing Agreement

—(the ''Company''), in consideration of the listing of its securities, hereby agrees with the American Stock Exchange, Inc. (the ''Exchange''), that it will:

(1) Comply with all Exchange rules, policies and procedures which apply to listed companies as they are now in effect and as they may be amended from time to time, regardless of whether the company's organization documents would allow for a different result.

(2) Notify the Exchange, at least 20 days in advance, of any change in the form or nature of any listed security or in the rights, benefits and privileges of the holders of such security.

(3) File with the Exchange (i) proposed amendments to and certified copies of the Certificate of Incorporation; By-Laws or other similar organization documents; (ii) all SEC filings; and (iii) all material sent to shareholders or released to the press.]

Listing Form 2

Distribution and Trading Information

DELETED

Listing Form 3

Agreement With Transfer Agent

DELETED

Listing Form 4

Agreement With Registrar

DELETED

Listing Form 5

Agreement With Warrant Agent

DELETED

Sample Trustee's Certificate

DELETED

Sample Agreement of Banknote Company

DELETED

* * * * *

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Due to the merger between the National Association of Securities Dealers (''NASD'') and the Amex, the qualifications functions for the Nasdaq Stock Market (''Nasdaq'') and the Amex have been centralized in the Nasdaq-Amex Listing Qualifications Department (''Listing Qualifications''). As a result of this centralization, a number of Exchange rules have been reviewed with the goal of modernizing the Exchange's initial and continued listing process, creating consistent rules and processes across all of the NASD's marketplaces, and reflecting the current business practices and procedures used by Listing Qualifications. This filing addresses those goals and makes other non-substantive changes to reflect changed job titles [6] and responsibilities following the merger, and clarifies the application of certain Exchange rules.

Application Process

Currently, Exchange rules encourage issuers to obtain an informal opinion from Amex staff, known as the Preliminary Listing Eligibility Opinion (''PLEO''), as to whether the issuer is eligible to list before formally applying to the Exchange. Because of the time involved for the issuer to prepare for this extra review and for staff to conduct this extra review, the PLEO process causes a delay in the time it takes for a final determination to be made on an issuer's application for listing on the Exchange. This process is also inconsistent with the Nasdaq process in which an application is filed at the outset of the process. As a result, when an issuer initially pursues listing on both markets, the issuer faces a delay in its ability to make a decision as to where to list. In order to streamline the application process, the Exchange proposes to eliminate the PLEO process. Accordingly, the Exchange proposes to delete Sections 202 and 203 of the Listing Standards, Policies and Requirements and modify Sections 101, 130, 201 and 211 to eliminate references to the PLEO process. Under the proposed revision, issuers will only file their completed listing application with the Exchange's staff.

In addition, Exchange rules currently require a number of documents to be submitted with an original listing application. The Exchange proposes to eliminate certain requirements, including the Exchange's Listing Form 2 (Certificate of Distribution), Charter, By-Laws, Specimen Certificates, Trustee Certificates, Form for Indenture, Board Resolutions and certain contracts. Many of these documents are electrically available through an Issuer's public filings, or they are generally available to Listing Qualifications through other means (or upon request by Exchange staff from the issuer). Therefore, the Exchange proposes to remove these general requirements and instead request specific documents as necessary.[7] Specifically, the Exchange proposes to modify Sections 213, 216, 218, 305, 306, and 702 to reflect these changes.

Similarly, the Exchange proposes that issuers no longer be required to obtain an opinion of counsel which, among other things, relates to the legality of the organization and existence of the issuer and the validity of the securities to be listed. These rules were originally enacted to prevent unauthorized securities from entering into the market and to protect the Exchange from legal liability, which might arise from the listing and trading of such securities. Today, however, such concerns are unwarranted. In particular, an issuer's independent auditor reviews the issuance of securities as part of its annual audit and, generally, legal comfort is provided to market participants with respect to most securities issuances, including public offerings. Furthermore, the Exchange is largely protected from legal claims against it by its status as a self-regulatory organization and no

[6] Changes to Part 4 of the Listing Standards reflect the elimination of the Corporate Relations Manager job function and the function and the division of the responsibilities of the former Corporate Relations Manager among the Listing Qualifications, Stock Watch, and Issuer Service Departments.

[7] In the standard comment letter that the Exchange sends issuers after Exchange staff has reviewed the issuer's listing application, the Exchange will ask issuers specific questions concerning quorum requirements, notice of record dates to shareholders and closing of transfer books. Telephone call between Michael S. Emen, Vice President, Listing Qualifications, Amex, Rebekah Liu, Special Counsel, Division, Commission, and Sonia Patton, Attorney, Division, Commission, on January 27, 2000.

recent case has been brought alleging invalid issuance of an Exchange security. Accordingly, the Exchange proposes to delete requirements related to opinions of counsel in Sections 213, 216, 218, and 306 of the Listing Standards.[8]

The Exchange currently requires an application to be submitted by an issuer whenever a shareholder rights plan is established and the underlying rights are registered with the Commission. These rights, commonly known as ''poison pills,'' technically constitute a separate security but trade in tandem with an as part of the issuer's common stock. Upon the occurence of a ''triggering'' such as the announcement of a hostile takeover or the acquisition of a specified percentage of the company's outstanding common stock, the rights would detached from the common stock and become freely tradable as separate securities. At that point, under Exchange rules, the issuer is required to file a listing application with respect to those new securities. Given the listing application requirement upon the occurrence of a triggering event and the fact that until that time the securities are not traded as separate securities, the Exchange believes the requirements of Section 343 are not necessary.

Criteria for Original Listing

Sections 104 and 105 of the Listing Standards allow the listing of debt and warrants on the Amex, but only if the issuer is listed on the Amex or the New York Stock Exchange (''NYSE''. This rule is no longer necessary or appropriate, given the level of the listing standards on Nasdaq in comparison to those of the Amex and the NYSE. The Exchange therefore proposes to expand the issues which may be listed on Amex to include debt and warrants of issuers listed on Nasdaq.

Sections 112, 115, and 116 of the Listing Requirements impose more stringent standards on specific types of issuers: exploration and development companies, member corporations, and companies engaged in gaming operations. These rules arose when such companies generally remained private and the listing of companies in such sectors was fairly unusual. The Exchange proposes to eliminate these sector-specific sections since the listing of securities of issuers in these sectors is now fairly common across all markets and issuers in these sectors now operate in highly regulated environments. Specifically, with respect to exploration and development companies, the Exchange notes that detailed disclosures about the issuer's stage of development and prospects are provided to potential investors in required, publicly filed reports. Accordingly, the Exchange does not believe it is appropriate to discriminate against such exploration stage companies seeking to raise capital on the Exchange. With respect to member corporations, the Exchange notes that these issuers are regulated by both the Commission and the membership organization to which the issuer belongs. Finally, with respect to companies engaged in gaming operations, the Exchange notes that these issuers operate in a highly regulated environment and are subject to substantial state and/or federal regulation. Furthermore, the Exchange notes that under its discretionary authority over all issuers, pursuant to Section 101, it has authority to deny listing to issuers based on sector-specific issues in appropriate situations. Accordingly, the Exchange does not believe that the specific rules relating to issuers in these sectors are necessary or appropriate.

The Exchange also proposes to clarify that the alternate listing guidelines contained in Section 101 of the Listing Standards are not limited to issuers in certain sectors. The alternate guidelines were first adopted in 1977 and then modified in 1986 to allow a broader range of companies to qualify. The guidelines referenced as examples, companies that were unable to satisfy the basic criteria due to significant research and development or other similar business development costs. The Exchange proposes changes to Section 101 to clarify that the numerical aspects of the alternate guidelines apply to all issuers, regardless of industry. This change would be consistent with the approach used on Nasdaq, SmallCap Market, and the NYSE, where alternative listing requirements are available to all issuers that meet the quantitative requirements.

Fees

Section 144 of the Listing Standards currently imposes a $250 non-refundable service charge that is subtracted from any refund otherwise due an issuer that is not approved for listing or that withdraws after completing the application process. Given the cost incurred by the Exchange in reviewing an application, the Exchange proposes to raise the non-refundable portion of the initial inclusion fee from $250 to $1,000 and to require the payment of this amount in advance of processing the application, in order to timely recoup such costs, especially in situations where these costs are incurred by the Exchange and the application is then withdrawn. The Exchange notes that this proposed change will not affect the listing fees paid by issuers who ultimately list on the Exchange and that this practice is consistent with that followed by Nasdaq. In addition, the Exchange notes that if an issuer applies for listing on both the Exchange and on Nasdaq, only a single $1,000 non-refundable fee would be collected for review of both applications.

The Exchange also proposes to modify the treatment of treasury shares for fee purposes. Under existing Section 141, Amex listing fees are based on all shares outstanding, including treasury shares. The Exchange proposes to modify Section 141 to exclude treasury shares when calculating shares outstanding for fee purposes[9] and to clarify that annual fees billed based on shares outstanding information refers to information available on Exchange records as of December 31, and not shares outstanding information sent to the Exchange by issuers some time in February. This proposed change will result in a decrease in fees for issuers with treasury shares and will not affect other issuers.

Finally, as discussed above, because the Exchange proposes to eliminate Section 343, requiring the submission of an application upon the creation of a shareholder rights plan, the Exchange also proposes to modify Section 140, to eliminate the $1,000 fee associated with the shareholder rights plan application.

Schedule for Dividends

The Exchange proposes to eliminate several archaic rules that require additional time between the declaration and dividend date for dividends of issuers that do not have transfer facilities in the New York City area. Given the current state of communication networks and electronic interaction between issuers, transfer agents and investors, these additional time periods are no longer necessary. Accordingly, the Exchange proposes to modify Sections 502, 512, and 521 and to eliminate Section 520 to implement this proposed change.

Transfer Facilities

Likewise, the Exchange proposes to remove a variety of rules concerning the qualification of Transfer Agents, Registrars, and Bond Trustees presently contained in Sections 801–811. The Commission regulates the transfer agent industry and, since 1976, has imposed a series of rules over the industry[10] that make many of the Exchange's rules unnecessary. Other Exchange rules relating to transfer agents (as well as Agents for Payment) are archaic, as they limit the ability of agents with physical locations outside of New York to perform these functions. The Exchange also proposes to eliminate the requirements relating to Trustees for Bond Issues in Section 811. The Exchange has never experienced a problem with respect to the qualification of a Bond Trustee and believes that these matters are better left to the individual issuers and applicable state law. Accordingly, the Exchange proposes to delete Sections 801–811 and to make conforming changes to other sections that refer to those sections.

Certificate Requirements

The Exchange also proposes to remove requirements relating to the form of securities and lost security holders. The rules relating to the form of securities are antiquated and may impede the use of innovations in this area, such as DTC holdings and book entry methods. Furthermore, the Exchange notes that there are no comparable rules on Nasdaq. Accordingly, the Exchange proposes

[8] Through its standard comment letter, the Exchange will require issuers to (i) furnish the Exchange with copies of opinion of counsel filed in connection with recent public offerings or private placements or (ii) if no opinions of counsel exist, represent to the Exchange that they are duly and validly organized under the laws of their state of incorporation. Telephone call between Michael S. Emen, Vice President, Listing Qualifications, Amex, Rebekah Liu, Special Counsel, Division, Commission, and Sonia Patton, Attorney, Division, Commission, on January 27, 2000.

[9] This is consistent with the approach taken on the Nasdaq, resulting in identical application across all of the NASD's marketplaces.

[10] *See* Exchange Act Rules 17Ad–1 through 17Ad–21T, 17 CFR 240.17Ad–1 through 17 CFR 240.17A21T.

to delete existing Sections 820 through 830, inclusive, and Section 841 of the Listing Standards. Likewise, the Exchange rules governing the replacement of lost certificates in Section 840 are no longer necessary in light of current practices followed by issuers and transfer agents.

Treasury Shares

Existing Exchange rules require an issuer to report changes in the number of treasury shares. Given the changes proposed to the fee calculation for issuers, resulting in the exclusion of treasury shares from the fee base, the Exchange no longer needs this information. Accordingly, the Exchange proposes to eliminate Section 901 of the Listing Standards. Furthermore, Section 903, on repurchases of listed company securities, in unnecessary because it does not impose any Exchange requirements, but merely refers issuers to federal securities laws. Finally, the Exchange notes that Section 902 allows an issuer to redeem securities only in a *pro rata* fashion or by lot. The Exchange notes that issuers are governed by state law requirements in the redemption of securities and that as a practical matter, one of these methods is invariably applied. Therefore, the Exchange believes that Section 902 is unnecessary and proposes its deletion and conforming amendments to Sections 103(d), 104, and 105(b).

Other Changes to the Exchange's Listing Requirements

The Exchange proposes certain changes to the listing requirements for issuers listed on the Amex. The Exchange proposes to change the definition of ''public distribution'' and ''public shareholders'' as defined in Section 102. Currently, in determining the number of shares in the public, Exchange rules exclude concentrated holdings of 5% or greater. The comparable rules on Nasdaq, as well as the NYSE, only exclude holdings of 10% or greater. The Exchange believes that it is appropriate to exclude holdings of between 5% and 10% from the definition of public distribution and accordingly, proposes to modify Section 102.

Next, the Exchange proposes to modify Section 120, relating to conflicts of interest. The existing Exchange rule states that the Exchange will consider conflicts situations in connection with the original listing of an issuer. The Exchange believes that a broader, ongoing review of related party transactions is appropriate and that the issuer's Audit Committee (or a comparable body) is an appropriate body for conducting such a review. Furthermore, the Exchange notes that under the proposed change, as in all cases, it may review a transaction using the Exchange's general discretionary authority if a transaction involved a conflict that raised public interest concerns. Accordingly, the Exchange proposes to adopt this revised listing requirement to better protect investors.[11]

The Exchange also proposes to amend its rules relating to shareholder approval contained in Section 713 to clarify that shareholder approval is required prior to issuance of a security that has the *potential* to result in the issuance of 20% of the pre-transaction common shares outstanding for less than the greater of book or market value of the stock. While the present language of the rule does not include the word potential, it is fairly implied and Exchange staff has consistently applied the rule to require approval in cases where an issuance may potentially exceed the state threshold. Accordingly, the Exchange proposes to modify the existing rule to clarify that an issuance is not permissible without shareholder approval when there is the potential to issue more than 20% of the pre-transaction common shares outstanding for less than the greater of book or market value of the stock.

Emerging Company Marketplace

In May 1995, the Exchange determined to discontinue the listing of new companies on the Emerging Company Marketplace and subsequently received Commission approval.[12] Accordingly, the Exchange proposes to delete from the Supplement the criteria for new listing on the Emerging Company Marketplace given that no new issues are permitted to be listed on that market. Furthermore, the Exchange proposes to delete from the Supplement the continued listing criteria with respect to all issues other than common stock because no existing issuers rely on these provisions and no new issuers can be listed that would rely on these provisions. This conforming change is consistent with the SEC's order approving the elimination of the Energing Company Market.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,[13] which requires, among other things, the Exchange's rules to be designed to prevent fraudulent and manipulative acts and practices and, in general, to protect investors and the public interest.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the Act.

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

The Exchange did not solicit or receive written comments on the proposed rule change.

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 Exchange 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, including whether the proposed rule change is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549–0609. Copies of the submission, 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 Amex. All submissions should refer to the File No. SR–Amex–99–39 and should be submitted by March 2, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[14]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00–3034 Filed 2–9–00; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34–42383; File No. SR–Amex–99–35)

Self-Regulatory Organizations; American Stock Exchange LLC; Order Approving Proposed Rule Change To Rescind Exchange Rule 106, ''Substitute Principals''

February 3, 2000.

I. Introduction

On September 1, 1999, the American Stock Exchange LLC (''Amex'' or ''Exchange'') submitted to the Securities and Exchange Commission (''SEC'' or 'Commission'') pursuant to Section

[11] The Exchange notes that this proposed change is consistent with the rules relating to conflicts of interest that apply to Nasdaq issuers and NYSE issuers. *See* NASD Rules 4310(c)(25)(G) and 4460(h) and NYSE Listed Company Manual Section 307.00.

[12] *See* Exchange Act Release No. 36079 (Aug. 9, 1995), 60 FR 42926 (Aug. 17, 1995) (SE–Amex–95–23). Companies that were listed at the time the Emerging Company Marketplace was discontinued were permitted to continue their listing, subject to all the rules applicable to issuers on that Emerging Company Marketplace.

[13] 15 U.S.C. 78f(b)(5).

[14] 17 CFR 200.30–3(a)(12).