James E. Buck

Secretary

September 16, 1986

NYSE

New York

Stock Exchange, Inc.

Brandon Becker, Esq.
Associate Director
Division of Market Regulation
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

RE: SR-NYSE-86-17

Dear Mr. Becker:

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934, we enclose for filing twelve copies of Form 19b-4 (File No. SR-NYSE 86-17), at least one copy of which has been manually signed. This filing concerns a proposed modification of the New York Stock Exchange Listed Company Manual, relating to the Exchange's listing standards for domestic companies concerning equity securities having disparate voting rights.

Sincerely,

J E Buck

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 19b-4

Proposed Rules Changes
by

NEW YORK STOCK EXCHANGE, INC.

September 16, 1986

Pursuant to Rule 19b-4 under the
Securities Exchange Act of 1934

0485G

(Modifying Section 313.00 of the NYSE
Listed Company Manual Concerning Equity Securities
Having Disparate Voting Rights)

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1. Text of Proposed Rules Changes

(a) The proposed amendments to the Exchange's voting rights listing standards for domestic companies, as set forth in Section 313.00 of the NYSE Listed Company Manual, are detailed in Exhibit A. These consist of modifications to the Exchange's existing voting rights standards, often referred to a the "one share, one vote policy", that prohibit creation of a class of stock which has unusual voting provisions which tend to nullify or restrict voting or which has voting power that is not in proportion to the equity interest of the class. The proposed rule change establishes approval requirements (designated as Paragraph 313.00(E) which, if met, would allow a class or classes of common stock having other than one vote per share or a class or classes of voting equity securities which would otherwise be objectionable under existing policy (each such class of voting equity security is referred to as "disparate voting rights stock").

Disparate voting rights stock, if created as part of a recapitalization or modification of voting rights within an existing single class of voting equity security by a public company, would be allowed if approved by a majority of the company's independent directors and a majority of the votes eligible to be cast by its public shareholders. Listed companies which have created disparate voting rights stock and have not received the required approval(s) will have two years from the date of effectiveness of the modification to comply. A company applying to list under the new provisions must obtain the required approvals prior to listing on the Exchange.

A company that distributes pro rata among its common shareholders shares of disparate voting rights stock in a "spin-off" of assets will not be subject to the approval requirements. Similarly, the approval requirements will not apply to a company with disparate voting rights stock if such stock was outstanding at the time it first became a public company, which for purposes of the policy is considered to occur when the company first has a class of voting equity security held of record by 500 shareholders. The 500 shareholder standard was selected as it is a basic measure of a company's obligation to register as a public company under Section 12(g) of the Securities Exchange Act of 1934.

(b) The Exchange does not expect that the proposed rules changes will have any direct effect, or significant indirect effect, on any other Exchange rule in effect at the time of this filing.

(c) Inapplicable.

2. Procedures of the Self-Regulatory Organization

The Board of Directors of the Exchange, at its meetings of July 3, and September 4, 1986, approved the proposed modifications. The Exchange's internal procedures with respect to the proposed modifications are complete.

The name and telephone number of the person on the Exchange staff prepared to respond to questions and comments on the proposed rules changes is:

David Domijan
Vice President
New Listings and Corporate Liaison
(212) 656-2090

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rules Changes

Purpose

Since the mid-1920's, the Exchange has refused to list -- and has removed from the list -- any company with more than one class of common stock having disparate voting rights. This prohibition is most often referred to as the "one share, one vote" policy.

In the second quarter of 1984, as a growing number of listed companies proposed recapitalizations involving the creation of a second class of common stock having multiple votes per share, the Exchange formed the Subcommittee on Shareholder Participation and Qualitative Listing Standards (the "Committee") to consider the continued relevance of the Exchange's listing standards concerning shareholder participation. The Committee's initial efforts were directed to the one share, one vote policy.

In August 1984 the Subcommittee initiated a broad survey which was sent to over 3,200 Exchange constituents. The response rate to the survey was 13%. Questions in the survey sought input as to the relevance and desirability of the Exchange's policies designed to assure shareholder participation in a listed company's affairs. In particular, respondents were asked whether the Exchange's shareholder participation policies would be satisfied if two classes of stock were permitted given specific approval by shareholders.

The responses to the Subcommittee's August 1984 survey were heavily in favor of a policy modification to permit two classes of stock if approved by shareholders. (See Exhibit B – "Summary of Survey Responses".)

The Subcommittee presented its report to the Public Policy Committee of the Exchange's Board on January 3, 1985. In formulating its responses the Subcommittee noted in its report that there had been considerable change in the investing and regulatory world.

The changes include:

1. The extensive and sophisticated system of corporate disclosure elaborated by the Commission since 1933.

2. The prevalence on the boards of Exchange-listed companies of at least two independent directors.

3. The requirement that each domestic Exchange-listed company have an audit committee comprised of independent directors.

4. The increasing sophistication of the investor community. As noted in the report, it is estimated that "about half of the securities of some New York Stock Exchange-listed companies are held by institutions". This increasing presence and sensitivity to issues such as those involving shareholder participation, provides an additional measure of assurance that such participation will be meaningful.

The Committee recommended that the Exchange modify its one share, one vote policy to permit dual class capitalizations having disparate voting rights if:

a. the transaction in which the shares with different voting rights are to be issued has been approved by two-thirds of all shares entitled to vote on the proposition;

b. the issuer had a majority of independent directors at the time the matter was voted upon, a majority of such directors approved the proposal; where the issuer had less than a majority of such directors, then all independent directors approved;

c. the ratio of voting differential per share is no more than one to ten; and

d. the rights of the holders of the two classes of common stock are substantially the same except for voting power per share.

The Public Policy Committee decided to send the Subcommittee's report and recommendations to the same constituents who had been surveyed in August 1984. Again, a considerable preponderance of respondents indicated that they strongly supported the general concept of a policy modification while providing various guidelines for implementation of a new policy.

Following dissemination of the Committee's report and recommendations, Congressmen John D. Dingell and Timothy E. Wirth, and Senator Alfonse M. D'Amato each convened hearings to review the issue. At those hearings the hope was expressed that a uniform shareholder voting rights standard could be reached among the New York Stock Exchange and the American Stock Exchange and the National Association of Securities Dealers. (Note: The shareholder voting rights standards of the American Stock Exchange are less stringent than those of the Exchange while NASDAQ has no shareholder voting rights standard.) Also, in June 1985, legislation, designed to preserve the one share, one vote concept across securities markets, was introduced in both the U.S. House and Senate.

Throughout 1985 and to the present, the number of listed companies creating multiple class capital structures has continued to grow and innovative techniques and novel voting provisions have been developed. Some companies have created different voting rights within a single class of common stock wherein voting power per share varies depending upon the length of time the security has been continuously held. Another variation involves different voting rights within a single class of common stock depending upon the size of the shareholders' holding. Certain recapitalizations have involved separate class voting requirements and others were effected using voting preferred stocks, some having multiple votes per share.

It has become apparent to the Exchange that there is almost no likelihood that uniform shareholder voting rights standards can be developed across the major securities markets. As the Exchange testified at the 1985 Congressional hearings:

> "The Exchange believes the qualitative listing standards developed and refined over the past half-century or more -- including the one share, one vote policy -- have been good for its listed companies, good for their shareholders and good for this country. But, realistically, the Exchange also believes that as issues and circumstances change, it must be prepared to reexamine and revise standards and policies which may no longer be relevant. Over the years, the one share, one vote policy has served the market well. Philosophically, the Exchange still believes in it. In an ideal world, most people would probably want it to be retained. But the world is changing very rapidly and the issue transcends the New York Stock Exchange. The changes in the competitive environment that have brought the issue to prominence are national in scope. And the national competitive environment may very well preclude the Exchange from unilaterally retaining one share, one vote".

The modified policy, as presented to the Exchange's Board of Directors, was based upon the following concepts:

(1) Public companies that create disparate voting rights stock would be required, under the proposed policy, to obtain the approval of their public stockholders and independent directors. This standard is intended to assure essential shareholder participation in the important issue of the creation of disparate voting rights stock. "Insiders" and their affiliates and the company's affiliates would be excluded from the definition of public shareholders. Independent directors, those board members most closely identified with the public's interests, would also be required to approve the disparate voting rights stock.

(2) The approval requirements of the Exchange's revised policy would apply only to public companies. Companies that at their inception have disparate voting rights stock, or that issue such stock before the company enters the public arena, would not be subject to the approval requirements included in the Exchange's revised listing policy. If, when a company

first invites the general public to buy and sell its stock, the company already has disparate voting rights stock outstanding, the public can assess the fact before participating and can decide the extent to which the company's securities, given their particular characteristics, are attractive investment vehicles. Once the company is a public company, however, the Exchange believed that creation of disparate voting rights stock should require the approval of public stockholders and independent directors, even though the corporate law that governs the company imposes no such requirements. The creation of disparate voting rights stock by a company can dramatically alter the ground rules as to the governance of that company on all future major matters. If the public has been invited in at the time that decision is made, the Exchange believes the public should control the decision. For the purpose of determining when a company is a public company, the Exchange has borrowed from the Securities Exchange Act of 1934 which, since 1964, has required companies (unless exempt) to register under Section 12(g) of the Act, thereby subjecting themselves to many important provisions of the Act, including the proxy solicitation and periodic reporting requirements, if they have total assets of $1,000,000, or more, and a class of equity security held of record by at least 500 persons.

(3) The Exchange also would not impose its approval requirements in the case of the typical "spin-off" transaction, where, for example, a company distributes to its common stockholders, in accordance with their respective holdings, disparate voting rights stock of another company that will hold certain assets of the distributing company. In such a case, the shareholders of the distributing company have not been adversely affected by the spin-off and their respective voting rights vis a vis the distributing company have not been affected in any way. The spun-off company, at the time it becomes publicly held already has outstanding disparate voting rights stock.

The Board of Directors of the Exchange concluded that the Exchange could no longer be expected to preserve the concept unilaterally and, at meetings held on July 3 and September 4, 1986, adopted the modified standard set forth in Exhibit A. The modified policy, while offering greater flexibility to corporations, does maintain investor safeguards and fosters continued shareholder participation in formulating corporate policy of public companies. It should be noted that the requirement for approval of disparate voting rights stock by a majority of the votes eligible to be cast by the issuer's "public shareholders" exceeds the requirements of state law as well as those of any other self-regulatory organization. The Board's decision also took into account the significant increases in corporate governance initiatives over the past few years which provide public investors with added protections.

Statutory Basis for the Proposed Rules Changes

The proposed rule change is consistent with Sections 6(b)(5) and 6(b)(8) of the Securities Exchange Act of 1934 as amended ("the Act"). These sections, among other things, require Exchange rules to be designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and to assure fair competition among exchange markets and between exchange markets and markets other than exchange markets, and, in general, to protect investors and the public interest; and are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers, or to regulate by virtue of any authority conferred by this title matters not related to the purposes of this title or the administration of the Exchange. They also require Exchange rules to not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Furthermore, the proposed rule amendment will tend to assure fair competition among exchange markets and between exchange markets and markets other than exchange markets, and Section 11A(a)(1)(c)(ii) of the Act declares that objective to be in the public interest and appropriate for the protection of investors.

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

The proposed rules change will not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Indeed, the proposed rule change will reduce such burdens by removing restrictions that presently serve to deny certain equity securities the benefits of an Exchange listing.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rules Changes Received from Members, Participants, or Others

The Exchange has neither solicited nor received written comments concerning its proposed rules change. (See item 3, above, for discussion of survey responses.)

6. Extension of Time Period for Commission Action

The Exchange does not consent at this time to an extension of the time period specified in Section 19(b)(2) of the Act.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Inapplicable.

8. Proposed Rules Changes Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rules changes are not based on Rules of any other self-regulatory organization or of the Commission.

9. Exhibits

Exhibit 1.- Form of Notice of Proposed Rules Changes for publication in the Federal Register.

Exhibit A - Text of Proposed Rules Changes to Section 313.00 of the NYSE Listed Company Manual.

Exhibit B - Summary of Survey Responses

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the self-regulatory organization has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

NEW YORK STOCK EXCHANGE, INC.

Date: September 16, 1986

By: _____
James E. Buck
Secretary

Exhibit 1.

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34 - ; File No. SR-NYSE-86-17)

Self-Regulatory Organizations; Proposed Rules Changes by New York Stock Exchange, Inc. relating to Amendments to the Exchange's Voting Rights Listing Standards for Domestic Companies, as Set Forth in Section 313.00 of the NYSE Listed Company Manual.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, 15 U.S.C. 78s(b)(1), notice is hereby given that on September 16, 1986, the New York Stock Exchange, Inc. filed with the Securities and Exchange Commission the proposed rules changes as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rules changes from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rules Changes

The proposed amendments to the Exchange's voting rights listing standards for domestic companies, as set forth in Section 313.00 of the NYSE Listed Company Manual, are detailed in Exhibit A. These consist of modifications to the Exchange's existing voting rights standards, often referred to a the "one share, one vote policy", that prohibit creation of a class of stock which has unusual voting provisions which tend to nullify or restrict voting or which has voting power that is not in proportion to the equity interest of the class. The proposed rule change establishes approval requirements (designated as Paragraph 313.00(E) which, if met, would allow a class or classes of common stock having other than one vote per share or a class

or classes of voting equity securities which would otherwise be objectionable under existing policy (each such class of voting equity security is referred to as "disparate voting rights stock").

Disparate voting rights stock, if created as part of a recapitalization or modification of voting rights within an existing single class of voting equity security by a public company, would be allowed if approved by a majority of the company's independent directors and a majority of the votes eligible to be cast by its public shareholders. Listed companies which have created disparate voting rights stock and have not received the required approval(s) will have two years from the date of effectiveness of the modification to comply. A company applying to list under the new provisions must obtain the required approvals prior to listing on the Exchange.

A company that distributes pro rata among its common shareholders shares of disparate voting rights stock in a "spin-off" of assets will not be subject to the approval requirements. Similarly, the approval requirements will not apply to a company with disparate voting rights stock if such stock was outstanding at the time it first became a public company, which for purposes of the policy is considered to occur when the company first has a class of voting equity security held of record by 500 shareholders. The 500 shareholder standard was selected as it is a basic measure of a company's obligation to register as a public company under Section 12(g) of the Securities Exchange Act of 1934.

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

In its filing with the Commission, the self-regulatory organization included

statements concerning the purpose of and basis for the proposed rules changes and discussed any comments it received on the proposed rules changes. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization 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 Rules Changes

(1) Purpose

Since the mid-1920's, the Exchange has refused to list -- and has removed from the list -- any company with more than one class of common stock having disparate voting rights. This prohibition is most often referred to as the "one share, one vote" policy.

In the second quarter of 1984, as a growing number of listed companies proposed recapitalizations involving the creation of a second class of common stock having multiple votes per share, the Exchange formed the Subcommittee on Shareholder Participation and Qualitative Listing Standards (the "Committee") to consider the continued relevance of the Exchange's listing standards concerning shareholder participation. The Committee's initial efforts were directed to the one share, one vote policy.

In August 1984 the Subcommittee initiated a broad survey which was sent to over 3,200 Exchange constituents. The response rate to the survey was 13%. Questions in the survey sought input as to the relevance and desirability of the Exchange's policies designed to assure shareholder participation in a listed company's affairs. In particular, respondents were asked

whether the Exchange's shareholder participation policies would be satisfied if two classes of stock were permitted given specific approval by shareholders.

The responses to the Subcommittee's August 1984 survey were heavily in favor of a policy modification to permit two classes of stock if approved by shareholders.

The Subcommittee presented its report to the Public Policy Committee of the Exchange Board on January 3, 1985. In formulating its responses the Subcommittee noted in its report that there had been considerable change in the investing and regulatory world.

These changes were:

1. The extensive and sophisticated system of corporate disclosure elaborated by the Commission since 1933.

2. The prevalence on the boards of Exchange-listed companies of at least two independent directors.

3. The requirement that each domestic Exchange-listed company have an audit committee comprised of independent directors.

4. The increasing sophistication of the investor community. As noted in the report it is estimated that "about half of the securities of some New York

Stock Exchange-listed companies are held by institutions". This increasing presence and sensitivity to issues such as those involving shareholder participation, provides an additional measure of assurance that such participation will be meaningful.

The Committee recommended that the Exchange modify its one share, one vote policy to permit dual class capitalizations having disparate voting rights if

a. The transaction in which the shares with different voting rights are to be issued has been approved by two-thirds of all shares entitled to vote on the proposition;

b. The issuer had a majority of independent directors at the time the matter was voted upon, a majority of such directors approved the proposal; where the issuer had less than a majority of such directors, then all independent directors approved;

c. The ratio of voting differential per share is no more than one to ten; and

d. The rights of the holders of the two classes of common stock are substantially the same except for voting power per share.

The Public Policy Committee decided to send the Subcommittee's report and recommendations to the same constituents who had been surveyed in August 1984. Again, a considerable preponderance of respondents indicated that they strongly supported the general concept of a policy modification while providing various guidelines for implementation of a new policy.

Following dissemination of the Committee's report and recommendations, Congressmen John D. Dingell and Timothy E. Wirth, and Senator Alfonse M. D'Amato each convened hearings to review the issue. At those hearings the hope was expressed that a uniform shareholder voting rights standard could be reached among the New York Stock Exchange and the American Stock Exchange and the National Association of Securities Dealers. (Note: The shareholder voting rights standards of the American Stock Exchange are less stringent than those of the Exchange while NASDAQ has no shareholder voting rights standard.) Also, in June 1985, legislation, designed to preserve the one share, one vote concept across securities markets, was introduced in both the U.S. House and Senate.

Throughout 1985 and to the present, the number of listed companies creating multiple class capital structures has continued to grow and innovative techniques and novel voting provisions have been developed. Some companies have created different voting rights within a single class of common stock wherein voting power per share varies depending upon the length of time the security has been continuously held. Another variation involves different voting rights within a single class of common stock depending upon the size of the shareholders' holding. Certain recapitalizations have involved separate class voting requirements and others

were effected using voting preferred stocks, some having multiple votes per share.

It has become apparent to the Exchange that there is almost no likelihood that uniform shareholder voting rights standards can be developed across the major securities markets. As the Exchange testified at the 1985 Congressional hearings:

> "The Exchange believes the qualitative listing standards developed and refined over the past half-century or more -- including the one share, one vote policy -- have been good for its listed companies, good for their shareholders and good for this country. But, realistically, the Exchange also believes that as issues and circumstances change, it must be prepared to reexamine and revise standards and policies which may no longer be relevant. Over the years, the one share, one vote policy has served the market well. Philosophically, the Exchange still believes in it. In an ideal world, most people would probably want it to be retained. But the world is changing very rapidly and the issue transcends the New York Stock Exchange. The changes in the competitive environment that have brought the issue to prominence are national in scope. And the national competitive environment may very well preclude the Exchange from unilaterally retaining one share, one vote".

The modified policy, as presented to the Exchange's Board of Directors, was based upon the following concepts:

(1) Public companies that create disparate voting rights stock would be required, under the proposed policy, to obtain the approval of their public stockholders and independent directors. This standard is intended to assure essential shareholder participation in the important issue of the creation of disparate voting rights stock. "Insiders" and their affiliates and the company's affiliates would be excluded from the definition of public shareholders. Independent directors, those board members most closely identified with the public's interests, would also be required to approve the disparate voting rights stock.

(2) The approval requirements of the Exchange's revised policy would apply only to public companies. Companies that at their inception have disparate voting rights stock, or that issue such such before the company enters the public arena, would not be subject to the approval requirements included in the Exchange's revised listing policy. If, when a company first invites the general public to buy and sell its stock, the company already has disparate voting rights stock outstanding, the public can assess that fact before participating and can decide the extent to which the company's securities, given their particular characteristics, are attractive investment vehicles. Once the company is a public company, however, the Exchange believes that creation of disparate voting rights stock should require the approval of public stockholders and independent directors, even though the corporate law that governs the company imposes no such requirements. The creation of disparate voting rights stock by a company can dramatically alter the ground rules as to the governance of that company on all future major matters. If the public has been invited in at the time that decision is made, the Exchange believes the public should

control the decision. For the purpose of determining when a company is a public company, the Exchange has borrowed from the Securities Exchange Act of 1934 which, since 1964, has required companies (unless exempt) to register under Section 12(g) of the Act, thereby subjecting themselves to many important provisions of the Act, including the proxy solicitation and periodic reporting requirements, if they have total assets of $1,000,000, or more, and a class of equity security held of record by at least 500 persons.

(3) The Exchange also would not impose its approval requirements in the case of the typical "spin-off" transaction, where, for example, a company distributes to its common stockholders, in accordance with their respective holdings, disparate voting rights stock of another company that will hold certain assets of the distributing company. In such a case, the shareholders of the distributing company have not been adversely affected by the spin-off and their respective voting rights vis a vis the distributing company have not been affected in any way. The spun-off company, at the time it becomes publicly held already has outstanding disparate voting rights stock

The Board of Directors of the Exchange concluded that the Exchange could no longer be expected to preserve the concept unilaterally and, at meetings held on July 3 and September 4, 1986, adopted the modified standard set forth in Exhibit A. The modified policy, while offering greater flexibility to corporations, does maintain investor safeguards and fosters continued shareholder participation in corporate policy. It should be noted that the requirement for approval of disparate voting rights stock by a majority of the votes eligible to be cast by the issuer's "public shareholders" exceeds the requirements of state law as well as any other self-

regulatory organization. The Board's decision also took into account the significant increases in corporate governance initiatives over the past few years which provide public investors with added protections.

(2) Basis

The proposed rule change is consistent with Sections 6(b)(5) and 6(b)(8) of the Securities Exchange Act of 1934 as amended ("the Act"). These sections, among other things, require Exchange rules to be designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and to assure fair competition among exchange markets and between exchange markets and markets other than exchange markets, and, in general, to protect investors and the public interest; and are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers, or to regulate by virtue of any authority conferred by this title matters not related to the purposes of this title or the administration of the Exchange. They also require Exchange rules to not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Furthermore, the proposed rule amendment will tend to assure fair competition among exchange markets and between exchange markets and markets other than exchange markets and Section 11A(a)(1)(c)(ii) of the Act declares objective to be in the public interest and appropriate for the protection of investors.

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

The proposed rules change will not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Indeed, the proposed rule change will reduce such burdens by removing restrictions that presently serve to deny certain equity securities the benefits of an Exchange listing.

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

The Exchange has neither solicited nor received written comments concerning its proposed rules change.

III. Date of Effectiveness of the Proposed Rules Changes and Timing for Commission Action

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

(A) by order approve such proposed rule change, or

(B) institute proceedings to determine whether the proposed rules changes should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies

of the submission, all subsequent amendments, all written statements with respect to the proposed rules changes that are filed with the Commission, and all written communication relating to the proposed rules changes 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 Branch, 450 Fifth Street, N.W., Washington, D.C. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to the file number in the caption above and should be submitted by [insert date 21 days from date of publication].

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

Date: Secretary

Exhibit A

NEW YORK STOCK EXCHANGE, INC.

Proposed Rule

Additions [Deletions]

Section 313.00 of the New York Stock Exchange Listed Company Manual would be modified through: amendments to existing Paragraphs 313.00(C) and 313.00(D); the addition of new Paragraph 313.00(E); and redesignation of existing Paragraph 313.00(E) as Paragraph 313.00(F).

* * *

313.00 - Voting Rights

(A) Non-Voting Common Stock

Since 1926, the Exchange has refused to authorize the listing of non-voting stock, however designated, which by its terms is in effect a common stock. This restriction would not apply to the listing of non-voting common stock of quasi-governmental corporations where, by reason of legislative or judicial mandate, the issuance of voting stock to the public is restricted. The Exchange will also refuse to list the common voting stock of a company which also has outstanding a non-voting stock, however designated, which by its terms is in effect a common stock. In line with the above, the Exchange normally will refuse to list voting trust certificates. Exception has been made in the case of voting trusts established pursuant to reorganization proceedings under court direction.

(B) Restrictions on Voting Rights Through Voting Trusts or Similar Arrangements

The Exchange would object to transactions where the voting rights of shareholders have been restricted by the use of a voting trust, irrevocable proxy, or any similar arrangement to which the company or any of its directors or officers is a party, either directly or indirectly. The Exchange would neither approve the original listing of a company where the above mentioned provisions exist nor authorize the listing of additional shares of such a listed company.

(C) Unusual Voting Provisions

Creation of a class of stock which has unusual voting provisions which tend to nullify or restrict voting, or which subject the common stock to the unusual voting provisions of that class of stock, could affect the continued listing status of the company, except as provided by paragraph (E) below. A situation in which one class of stock has the right to veto the actions of the common stock is an example. The Exchange may refuse to list a class of stock which has unusual voting provisions, except as provided by paragraph (E) below.

(D) Proportionate Voting Power

Except as provided by paragraph (E) below, in cases where voting power is divided between the common stock and one or more other classes of stock under normal conditions (as distinguished from conditions under which such other class or classes temporarily acquire voting power as a result of dividend default or some other similar occurrence) the Exchange, when considering the listing of the common stock, will take into account the relationship between the proportion of the total voting power represented by such other class or classes and their relative equities in the company.

The circumstances under which different classes of stock are issued, their priorities and preferences, and their equity interests are so varied that the Exchange has not found it feasible to fix standards as to what constitutes the appropriate apportionment of voting power as between different classes of stocks. Therefore, each case must be considered individually. However, the Exchange is of the view that, subject to paragraph (E) below, any allocation of voting power under normal conditions to classes of stock other than common stock should be in reasonable relationship to the equity interests of such classes. If the voting power of such other classes is in excess of such reasonable relationship, the Exchange may refuse to authorize listing of the common stock.

(E) Approval of Voting Provisions

Subject to the provisions of paragraphs (A) and (B) above, the Exchange will allow a class or classes of common stock having other than one vote per share and a class or classes of voting equity securities which would otherwise be objectionable under paragraphs (C) or (D) above (each such class of common stock or of voting equity security being referred to in this paragraph (E) as "disparate voting rights stock"), provided that the specific voting provisions of such securities have been approved by

a) a majority of the independent directors of the issuer; and

(b) a majority of the votes eligible to be cast by the public shareholders. (Public shareholders are defined as beneficial owners of the issuer's voting equity securities who are not directors, officers, or members of their immediate families or their affiliates, or affiliates of the issuer. For purposes of this paragraph (E), the term "affiliate" is as defined in the regulations promulgated under the Securities Exchange Act of 1934.)

Listed companies that created, between April, 1984 and (date SEC approves modification), a class or classes of disparate voting rights stock without having obtained the approval referred to in (a) and (b) above, must do so by not later than two years after (date SEC approves modification).

Any class of disparate voting rights stock shares of which were outstanding at the time the issuer thereof had a class of equity security held of record by 500 or more persons will not be subject to the approval referred to in (a) and (b) above.

Any class of disparate voting rights stock shares of which are first issued after the issuer had a class of equity security held of record by 500 or more persons will be subject to the approval referred to in (a) and (b) above.

Companies seeking to list and having outstanding any class of disparate voting rights stock, the voting provisions of which are subject to the approval referred to in (a) and (b) above, must obtain such approval prior to listing.

Where a company distributes pro rata among its common shareholders shares of disparate voting rights stock issued by a company other than the distributing company or a successor company, the voting provisions of such disparate voting rights stock will not be subject to the approval referred to in (a) and (b) above.

[(E)] (F) Preferred Stock, Minimum Voting Rights Required

* * *

Exhibit B

Summary of Survey Responses

Issue: Should NYSE modify policy to permit two classes of stock if approved by shareholders?

	Distributed	Subcommittee Survey August 1984 Responses in Favor	
Listed Companies	1,550	195	86%
Member Firms	560	16	84%
Major Institutional Investors	63	6	67%
Legal Profession	700	21	95%
Academia	300	9	45%
State Securities Administrators	51	-	-
Other	-	2	50%

Note: Percentages relate to total responses shown; differences between percentages shown and 100% represent “oppose” responses.