

after the claim has arisen. The proposed rule change is similar to Rule 10301(d) of the Code of Arbitration Procedure, which provides that class actions are ineligible for arbitration in the NASD forum. It is also similar in principle to New York Stock Exchange ("NYSE") Rule 600(f), which makes employment discrimination claims ineligible for arbitration in the NYSE forum unless the parties agree to arbitrate after the claim has arisen.

2. Statutory Basis

NASD Dispute Resolution believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁵ which requires, among other things, that the Association's rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. Because terminated, suspended, barred or otherwise defunct firms have a significantly higher incidence of non-payment of arbitration awards than do active firms, NASD Dispute Resolution believes that the proposed rule change will protect investors and the general public by giving customers greater flexibility to seek remedies against such firms.

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

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

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

Written comments were neither solicited nor received.

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

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

A. By order approve such proposed rule change, or

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

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether it 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 NASD. All submissions should refer to the file number in the caption above and should be submitted by March 26, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43993; File No. SR-NYSE-01-03]

Self-Regulatory Organizations: Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the New York Stock Exchange, Inc. To Amend Supplementary Material to Rules 451 and 465 Concerning Householding

February 22, 2001.

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 February 7, 2001, the New York Stock Exchange, Inc. ("Exchange" or "NYSE") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described

in Items I and II below, which Items have been prepared by the Exchange. On February 14, 2001, the NYSE submitted Amendment No. 1 to the proposed rule change.³ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

Many listed company proxy statements and annual reports are mailed to beneficial holders of the company's stock by brokerage firms. The practice of sending only one proxy statement or annual report to multiple beneficial holders with a single address is known as "householding." A newly effective Commission rule now permits householding by implied consent with certain appropriate safeguards.⁴ The Exchange proposes to amend its own rules to align them with the Commission's recent amendments.⁵ The NYSE's proposal would permit members to household annual reports, interim reports, proxy statements and other material so long as they comply with applicable Commission rules, including Rule 14b-1 and under the Act.⁶

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 III 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

Rules of the Commission and the Exchange require member organizations

³ Letter from Darla C. Stuckey, Assistant Secretary, NYSE, to Nancy J. Sanow, Assistant Director, Division of Market Regulation, SEC, dated February 12, 2001 ("Amendment No. 1"). In Amendment No. 1, the Exchange corrected an error in the purpose section of the Form 19b-4 filing.

⁴ See Securities Act Release No. 7912 (October 27, 2000), 65 FR 65736 (November 2, 2000) ("Householding Release").

⁵ *Id.*

⁶ 17 CFR 240.14b-1.

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

⁵ 15 U.S.C. 78o(b)(6).

to mail to all beneficial holders the issuer's annual report and the issuer's proxy statement prior to a stockholders' meeting. Currently, Exchange rules permit member organizations to mail one copy of such material to multiple beneficial owners that have the same address so long as each beneficial owner consents thereto in writing. The practice of sending only one set of materials to multiple beneficial holders with a single address is known as "householding."

The Commission recently adopted amendments to its rules to permit companies and intermediaries to satisfy their delivery requirements for proxy statements, information statements and annual reports with respect to two or more beneficial owners sharing the same address by delivering a single copy of the documents to those beneficial owners so long as certain conditions are met including consent.⁷ Accordingly, the Exchange proposes to amend its own rules to conform to the recently amended Commission rules. Therefore, Supplementary Material to NYSE Rules 451 and 465 is proposed to be amended to specify that member organizations may household proxy statements, annual reports, interim reports and other material provided they do so in compliance with the applicable Commission rules.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with section 6(b)(5)⁸ of the Act, which requires, among other things, that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system 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 purposes of the Act.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

III. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change, as amended, 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 NYSE. All submissions should refer to File No. SR-NYSE-01-03 and should be submitted by March 26, 2001.

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

The Commission finds that the proposed rule change, as amended, is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange,⁹ and in particular the requirements of section 6(b)(5) of the Act.¹⁰ Specifically, the Commission finds that the Exchange's proposal to permit householding of annual reports, proxy statements, interim reports and other materials consistent with Commission rules promotes just and equitable of trade by eliminating conflicting regulatory obligations for NYSE members. The Commission notes that while the current NYSE rule permits householding, the NYSE requires its members to get consent in writing from beneficial owners. The Commission's recent amendments to Rule 14b-1¹¹

⁹ In approving this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ 17 CFR 240.14b-1.

under the Act permits householding on an implied consent basis if certain conditions are met. Thus, as a result of this proposal, NYSE rules will conform to the Commission's requirements and NYSE members will be able to receive the benefits provided by householding to an even greater extent by utilizing implied consent. These benefits include reducing the amount of duplicative information that beneficial owners receive and lowering the printing and mailing costs for companies.

The Commission finds good cause to approve the proposal prior to the thirtieth day after the date of publication of notice of the filing in the **Federal Register**. By accelerating effectiveness of the Exchange's rule proposal, NYSE members will be able to utilize the new householding rule for the current proxy season. In addition, the Commission notes that it recently solicited comment from interested persons on its rule amendments¹² and considered the comments received when adopting the final rules.¹³ Accordingly, the Commission believes that good cause exists, consistent with sections 6(b)(5)¹⁴ and 19(b)(2)¹⁵ of the Act to approve the proposed rule change on an accelerated basis.

V. Conclusion

It Is Therefore Ordered, pursuant to section 19(b)(2) of the Act,¹⁶ that the amended proposed rule change (SR-NYSE-01-03) is hereby approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁷

Margaret H. McFarland,
Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

Reporting and Recordkeeping Requirements Under OMB Review

AGENCY: Small Business Administration.

ACTION: Notice of reporting requirements submitted for OMB review.

SUMMARY: Under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35), agencies are required to submit proposed reporting and

¹² See Securities Act Release No. 7767 (November 4, 1999), 64 FR 62548 (November 16, 1999) (proposing release).

¹³ See Householding Release.

¹⁴ 15 U.S.C. 78f(b)(5).

¹⁵ 15 U.S.C. 78s(b)(2).

¹⁶ 15 U.S.C. 78s(b)(2).

¹⁷ 17 CFR 200.30-3(a)(12).

⁷ See note 4 *supra*.

⁸ 15 U.S.C. 78f(b)(5).