

Clearinghouse Rule 96-065

96-065

CERTIFICATE

STATE OF WISCONSIN)
OFFICE OF THE) ss.
COMMISSIONER OF SECURITIES)

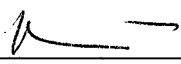
TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Patricia D. Struck, Commissioner of the State of Wisconsin Office of the Commissioner of Securities, and custodian of the official records of said agency, do hereby certify that the annexed rule under Ch. 551, Wis. Stats., the Wisconsin Uniform Securities Law, relating to designating the Chicago stock exchange under s. 551.22(7), Stats., was duly approved and adopted by this agency on June 21, 1996.

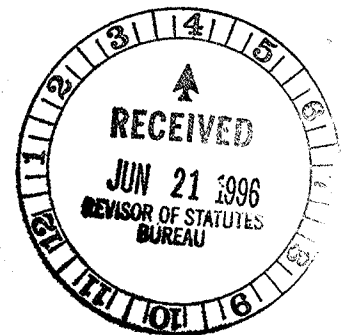
I further certify that said copy has been compared by me with the original on file in this agency and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the Office of the Commissioner of Securities in the City of Madison, this 21st day of June, 1996.

[SEAL]

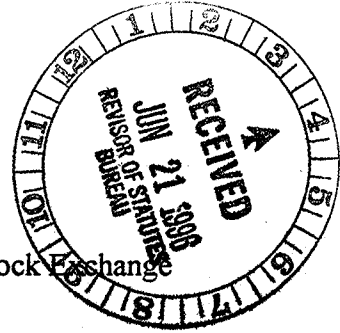


Patricia D. Struck
Commissioner of Securities
State of Wisconsin



8-1-96

FINAL ORDER OF THE
OFFICE OF THE COMMISSIONER OF SECURITIES
STATE OF WISCONSIN
ADOPTING RULES



To create SEC 2.01(3)(e), Wis. Adm. Code, relating to designating the Chicago Stock Exchange under s. 551.22(7), Stats.

SECTION 1. SEC 2.01(3)(e) is created to read:

SEC 2.01(3)(e) The Chicago stock exchange is designated as a national securities exchange qualifying for registration exemption status under s. 551.22(7), Stats., but only with respect to Tier 1 securities listed on that exchange, provided that proposed rule changes with respect to its Tier 1 securities are approved by the U.S. securities and exchange commission, and provided that a Memorandum of Understanding is entered into and is in force and effect between the Chicago stock exchange and the north american securities administrators, inc. The designation is subject to the authority of the commissioner to revoke the designation by order based upon a determination that the exchange's requirements for listing or maintenance for Tier 1 securities as contained in the Memorandum of Understanding and as published in the Commerce Clearing House NASAA Reports, have been so changed or insufficiently applied that the protection of investors contemplated by the exemption no longer exists. The commissioner also may deny or revoke, by order, registration exemption status accorded by this paragraph with respect to a specific issue of securities or category of securities on the exchange. The issuance of any order by the commissioner under this paragraph shall be in accordance with the provisions of the Memorandum of Understanding relating to notice of and opportunity for hearing, written findings of fact and conclusions of law, and judicial review.

Analysis Prepared by the Office of the Commissioner of Securities:

Statutory Authority: ss. 551.63(1), 551.22(7), Stats.

Statutory Interpreted: ss. 551.22(7), Stats.

This rule designates the Chicago Stock Exchange as a national securities exchange qualifying for registration exemption status under the "trading marketplace" exemption in s. 551.22(7) Stats., but only with respect to "Tier 1" securities listed and traded on that exchange. Rule changes have been proposed by the Chicago Stock Exchange, subject to approval by the U.S. Securities and Exchange Commission ("SEC"), to create a two-tier structure for listings. The rule changes would increase the Chicago Stock Exchange's quantitative and qualitative listing standards and requirements for purposes of Tier 1 securities listed thereon so as to be equivalent to the listing standards and requirements employed by: (i) the American Stock Exchange (which for some years has been an exchange specified in s. 551.22(7), Stats.); (ii) by the National Association of Securities Dealers NASDAQ/National Market System (that was added to s. 551.22(7), Stats., in legislation during 1990); and (iii) by the Pacific and the Philadelphia Stock Exchanges that were designated as qualifying exchanges for purposes of s. 551.22(7), Stats.,--but

only with respect to Tier 1 securities traded thereon--in this Office's 1995 rule revision process in rules that became effective January 1, 1996. By specifying in this rule that the exemption exists only for the Chicago Stock Exchange Tier 1 listed securities, the securities listed on that Exchange's Tier 2 --which have appreciably lower quantitative and qualitative standards--will not qualify for use of the exemption.

The rule contains language which provides that its effectiveness is conditional upon the Chicago Stock Exchange's proposed rule changes with regard to its Tier 1 securities being approved by the SEC. The rule also contains language which provides that its effectiveness is conditional upon a Memorandum of Understanding ("MOU") being entered into and being in force and effect between the Chicago Stock Exchange and the North American Securities Administrators Association, Inc. ("NASAA") on behalf of its member jurisdictions. The MOU provides the framework for consideration by individual NASAA member jurisdictions to grant securities registration exemption status under their respective "trading marketplace" exemptions [s. 551.22(7) in Wisconsin] on the basis that under the MOU:

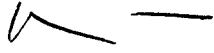
- (1) The Chicago Stock Exchange has established listing and maintenance standards, as well as specified corporate governance provisions, all as published in rules approved by the U.S. Securities and Exchange Commission, for equity securities to qualify for trading on Tier 1 of that Exchange that are equivalent to the standards and requirements currently applied by the American Stock Exchange, by the NASDAQ/NMS, and by the Pacific and the Philadelphia Stock Exchanges (for Tier 1 securities traded thereon); and
- (2) A decertification/termination process is established whereby the Commissioner can decertify/terminate the designation of the Chicago Stock Exchange as qualifying for registration exemption status under s. 551.22(7), Stats., by issuance of an order upon a determination that the requirements for listing or maintenance have been so changed or insufficiently applied that the protection of investors contemplated by the exemption designation no longer exists. Additionally, the Commissioner by order can deny or revoke exemption status with respect to a specific issue of securities or category of securities. The MOU establishes the procedure to be followed with respect to the decertification/termination process, including notice of and opportunity for hearing, written findings of fact and conclusion of law, and judicial review.

* * * *

This rule shall take effect on the first day of the month following publication in the Wisconsin Administrative Register as provided in s. 227.22(2)(intro.), Stats.

DATED at Madison, Wisconsin this 21st day of June, 1996.

[SEAL]



PATRICIA D. STRUCK
Commissioner of Securities

REPORT PREPARED BY THE
OFFICE OF THE COMMISSIONER OF SECURITIES
RELATING TO FINAL FORM OF RULE SEC 2.01(3)(e) OF THE
RULES OF THE COMMISSIONER OF SECURITIES

(a) Statement Explaining Need for Proposed Rule

This rule is needed in order to designate the Chicago Stock Exchange as a national securities exchange qualifying for registration exemption status under the "trading marketplace" exemption in s. 551.22(7), Wis. Stats., but only with respect to "Tier 1" securities listed thereon, as discussed more extensively in the attached Analysis for the rule.

(b) Explanation of Modifications Made as a Result of Public Comment Letters and Hearing Testimony

Not Applicable--no hearing required to be held.

(c) List of Persons Appearing or Registering at Public Hearing

None--no hearing required to be held.

(d) Response to Legislative Council/Rules Clearinghouse Report Recommendations

Changes were made to the capitalization of certain words in the rule as recommended by the Rules Clearinghouse, with other capitalization to be consistent with the capitalization of the same words in three previously-adopted rules designating other securities exchanges for purposes of s. 551.22(7), Wis. Stats.

(e) No final regulatory flexibility analysis is included on the basis that the Office of the Wisconsin Commissioner of Securities has determined that the proposed rule amendments will not have a significant economic impact on a substantial number of small businesses.

* * * * *

LRB or Bill No./Act. Rule No. SEC 2.01(3)(e)
Amendment No. if Applicable

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

FISCAL ESTIMATE
 DCA-2048 NR10/941

SUBJECT
 SEC 2.01(3)(e), Wis. Adm. Code, Rules of the Commissioner

Fiscal Effect
 State: No State Fiscal Effect
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

<input type="checkbox"/> Increase Existing Appropriation	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Decrease Existing Appropriation	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriation	<input type="checkbox"/> Decrease Costs	

Local: No local government costs

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	E. Types of Local Governmental Units Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others _____ <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected Affected Ch. 20 Appropriations

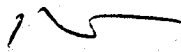
GPR FED PRO PRS SEG SEG-S

Assumptions Used in Arriving at Fiscal Estimate

The proposed rule designates the Chicago Stock Exchange as a national securities exchange qualifying for registration exemption status under the "trading marketplace" exemption in s. 551.22(7) Stats., but only with respect to "Tier 1" securities listed and traded on that exchange.

This rule will not have any anticipated fiscal effect on agency revenues or costs because the Tier 1 securities that will be listed on the Chicago Stock Exchange (and thus qualifying for registration exemption status in Wisconsin) are also listed on other trading marketplaces, including NASDAQ/NMS or the American Stock Exchange, that would separately qualify for registration exemption status under the trading marketplace exemption in s. 551.22(7), Stats.

Long-Range Fiscal Implications
 None

Agency Prepared by: (Name & Phone No.) WI Commissioner of Securities Randall E. Schumann/266-3414	Authorized Signature/Telephone No.  Patricia D. Struck/266-3432 Commissioner of Securities	Date 3-28-96
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General Counsel

FISCAL ESTIMATE WORKSHEET

1995 Session

Detailed Estimate of Annual Fiscal Effect
DOA-2047 (R10/94)

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No. SEC 2.01(3)(e)	Amendment No.
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Subject
SEC 2.01(3)(e), Wis. Adm. Code, Rules of the Commissioner of Securities

I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:	Annualized Fiscal Impact on State funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$ 0	\$ - 0
(FTE Position Changes)	(0 FTE)	(- 0 FTE)
State Operations - Other Costs	0	- 0
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$ 0	\$ - 0
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$	\$ -
FED		-
PRO/PRS	0	- 0
SEG/SEG-S		-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS	0	- 0
SEG/SEG-S		-
TOTAL State Revenues	\$ 0	\$ - 0

NET ANNUALIZED FISCAL IMPACT

	STATE	LOCAL
NET CHANGE IN COSTS	\$ 0	\$ 0
NET CHANGE IN REVENUES	\$ 0	\$ 0

Agency Prepared by: (Name & Phone No.)
WI Commissioner of Securities
Randall E. Schumann, General Counsel
266-3414

Authorized Signature/Telephone No.
Patricia D. Struck
Commissioner of Securities
266-3432

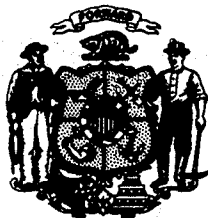
Date
3-28-96

WISCONSIN LEGISLATIVE COUNCIL STAFF



RULES CLEARINGHOUSE

Ronald Sklansky
Director
(608) 266-1946

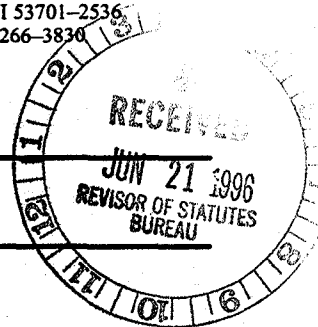


David J. Stute, Director
Legislative Council Staff
(608) 266-1304

Richard Sweet
Assistant Director
(608) 266-2982

One E. Main St., Ste. 401
P.O. Box 2536
Madison, WI 53701-2536
FAX: (608) 266-3830

CLEARINGHOUSE REPORT TO AGENCY



[THIS REPORT HAS BEEN PREPARED PURSUANT TO S. 227.15, STATS. THIS IS A REPORT ON A RULE AS ORIGINALLY PROPOSED BY THE AGENCY; THE REPORT MAY NOT REFLECT THE FINAL CONTENT OF THE RULE IN FINAL DRAFT FORM AS IT WILL BE SUBMITTED TO THE LEGISLATURE. THIS REPORT CONSTITUTES A REVIEW OF, BUT NOT APPROVAL OR DISAPPROVAL OF, THE SUBSTANTIVE CONTENT AND TECHNICAL ACCURACY OF THE RULE.]

CLEARINGHOUSE RULE 96-065

AN ORDER to create SEC 2.01 (3) (e), relating to designating the Chicago stock exchange under s. 551.22 (7), Stats.

Submitted by **OFFICE OF THE COMMISSIONER OF SECURITIES**

03-29-96 RECEIVED BY LEGISLATIVE COUNCIL.

04-18-96 REPORT SENT TO AGENCY.

RS:DLS;jt;wu

LEGISLATIVE COUNCIL RULES CLEARINGHOUSE REPORT

This rule has been reviewed by the Rules Clearinghouse. Based on that review, comments are reported as noted below:

1. STATUTORY AUTHORITY [s. 227.15 (2) (a)]

Comment Attached

YES

NO

2. FORM, STYLE AND PLACEMENT IN ADMINISTRATIVE CODE [s. 227.15 (2) (c)]

Comment Attached

YES

NO

3. CONFLICT WITH OR DUPLICATION OF EXISTING RULES [s. 227.15 (2) (d)]

Comment Attached

YES

NO

4. ADEQUACY OF REFERENCES TO RELATED STATUTES, RULES AND FORMS
[s. 227.15 (2) (e)]

Comment Attached

YES

NO

5. CLARITY, GRAMMAR, PUNCTUATION AND USE OF PLAIN LANGUAGE [s. 227.15 (2) (f)]

Comment Attached

YES

NO

6. POTENTIAL CONFLICTS WITH, AND COMPARABILITY TO, RELATED FEDERAL
REGULATIONS [s. 227.15 (2) (g)]

Comment Attached

YES

NO

7. COMPLIANCE WITH PERMIT ACTION DEADLINE REQUIREMENTS [s. 227.15 (2) (h)]

Comment Attached

YES

NO

WISCONSIN LEGISLATIVE COUNCIL STAFF

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CLEARINGHOUSE RULE 96-065

Comments

[NOTE: All citations to "Manual" in the comments below are to the Administrative Rules Procedures Manual, prepared by the Revisor of Statutes Bureau and the Legislative Council Staff, dated October 1994.]

2. Form, Style and Placement in Administrative Code

In the rule, certain words should not be capitalized: "Tier 1," "Securities and Exchange Commission," "Memorandum of Understanding," "Securities Administrators, Inc." and "Commerce Clearing House NASAA Reports." Section SEC 2.01 (3) contains numerous examples of excess capitalization that can be remedied during future revisions of these provisions.

**State of Wisconsin
Office of the Commissioner of Securities**

Tommy G. Thompson
Governor

Patricia D. Struck
Commissioner



Mailing Address:
101 E. Wilson Street, Fourth Floor
Post Office Box 1768
Madison, WI 53701

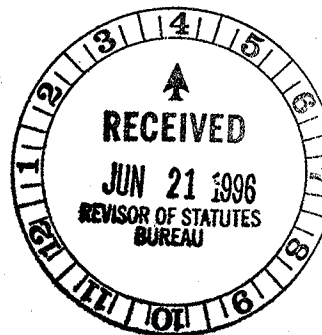
Information (608) 266-3431
Registration (608) 266-1064
Franchise (608) 266-8557
Licensing (608) 266-3693
Legal Services (608) 266-9886

June 21, 1996

Office of the Secretary of State
30 West Mifflin Street
Madison, WI 53703

✓ Revisor of Statutes Bureau
131 West Wilson Street, Suite 800
Madison, WI 53703-3233

Re: Filing of Certified Copies of Final Order
Adopting Rules/Clearinghouse Rule 96-065



Gentlemen and Mesdames:

Pursuant to the requirements of ss. 227.20 and 227.21, Wis. Stats., a certified copy is herewith filed with each of your offices of the above-referenced Final Order Adopting Rules in the form prescribed by sec. 227.14, Wis. Stats. The Final Order Adopting Rules was signed and issued by this agency on June 21, 1996.

Also attached is a copy of the Report prepared by this agency relating to the final rules, together with a copy of a Fiscal Estimate relating to the rules, and a copy of the Wisconsin Legislative Council Rules Clearinghouse Report.

If you have any questions, please call me at 266-3414.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Randall E. Schumann".

Randall E. Schumann
General Counsel

RES:jdc
enclosures
cc: Patricia D. Struck
Commissioner of Securities