



# INVESTMENT COMPANY INSTITUTE

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GENERAL COUNSEL

October 1, 2003

Mr. Jonathan G. Katz  
Secretary  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, DC 20549-0609

*Re: NYSE Proposed Rule Change Repealing Rule 500 (File No. SR-NYSE-2002-23)*

Dear Mr. Katz:

The Investment Company Institute<sup>1</sup> appreciates the opportunity to comment on the proposed rule change filed by the New York Stock Exchange repealing NYSE Rule 500 and amending Section 806 of the Exchange's Listed Company Manual relating to the voluntary delisting of a security by an issuer.<sup>2</sup>

The Institute supports the proposed rule change. Under the proposal, amended Section 806 would require that a company furnish the Exchange with a certified board resolution evidencing board approval of the voluntary delisting. It no longer would be necessary for companies to obtain board and audit committee approval, to provide prior written notice to the issuer's 35 largest record holders, and to issue a press release informing shareholders generally of the proposed delisting. The Institute believes that eliminating these requirements should create a more level playing field for markets trading securities currently listed on the Exchange. In addition, the easing of the NYSE's delisting requirements will bring the NYSE's requirements in line with the requirements of other exchanges. Finally, we believe that the requirements of amended Section 806 will continue to provide adequate investor protection if an issuer chooses to delist its shares from the Exchange.

While we support the easing of the Exchange's voluntary delisting requirements, we hope that the NYSE and other exchanges will, at the same time, maintain strong listing standards and not engage in a "race to the bottom" in an attempt to maintain and/or increase listings on their respective markets. We therefore encourage the Commission to monitor the impact of the repeal of Rule 500 on listing standards across

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<sup>1</sup> The Investment Company Institute is the national association of the American investment company industry. Its membership includes 8,655 open-end investment companies ("mutual funds"), 588 closed-end investment companies, 106 exchange-traded funds and 6 sponsors of unit investment trusts. Its mutual fund members have assets of about \$6.857 trillion, accounting for approximately 95% of total industry assets, and 90.2 million individual shareholders.

<sup>2</sup> Securities Exchange Act Release No. 48435 (September 3, 2003), 68 FR 53413 (September 10, 2003).

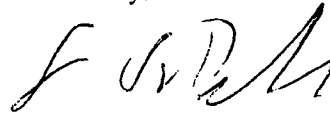
Mr. Jonathan G. Katz  
October 1, 2003  
Page 2

all markets. We also would expect that the boards of companies currently listed on the Exchange that consider delisting under the amended requirements ensure that this decision is in the best interest of investors.

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The Institute appreciates the opportunity to comment on the proposed rule change. Any questions regarding our comments may be directed to the undersigned at 202-326-5815 or to Ari Burstein at 202-371-5408.

Sincerely,



Craig S. Tyle  
General Counsel

cc: Annette L. Nazareth, Director  
Robert L.D. Colby, Deputy Director  
Division of Market Regulation

Paul F. Roye, Director  
Division of Investment Management