

regarding certain calculations for confirmation display.⁶

The MSRB has adopted the proposed rule change pursuant to Section 15B(b)(2)(C) of the Act,⁷ which requires that the MSRB's rules 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 regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities, to remove impediments to and perfect the mechanism of a free and open market in municipal securities, and, in general, to protect investors and the public interest.

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

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

(C) Self-Regulatory Organization's Statements 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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)⁸ of the Act and pursuant to Rule 19b-4(e)(6)⁹ promulgated thereunder because the proposed rule change (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; (iii) was provided to the Commission for its review at least five days prior to the filing date; and (iv) does not become operative for thirty days from the date of its filing on May 29, 1996. The Commission believes that the proposed rule change does not significantly affect the protection of investors or the public interest and does not impose any significant burden on competition because it makes technical and clarifying changes to an existing MSRB rule. At any time within sixty days of the filing of such rule change, the Commission may summarily abrogate such rule change if it appears to the

Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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 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, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the MSRB. All submissions should refer to File No. SR-MSRB-96-03 and should be submitted by August 1, 1996.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Jonathan G. Katz,

Secretary.

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[Release No. 34-37407; File No. SR-NASD-96-19]

Self-Regulatory Organizations; Order Granting Accelerated Approval of Proposed Rule Change by National Association of Securities Dealers, Inc., Relating to Amendments to Forms U-4 and U-5

July 5, 1996.

On May 16, 1996, the National Association of Securities Dealers, Inc. (NASD or Association) filed with the Securities and Exchange Commission (SEC or Commission) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (Act)¹ and Rule 19b-4 thereunder,² a proposed rule change to amend the Uniform Application for Securities Industry

Registration or Transfer, Form U-4, and the Uniform Termination Notice for Securities Industry Registration, Form U-5.

The proposed rule change was published for comment in Securities Exchange Act Release No. 37289 (June 7, 1996), 61 FR 30272 (June 14, 1996). No comments were received by the Commission. This order grants accelerated approval to the proposed amendments.

1. Background and Description of the Proposal

Since November 1993, in support of efforts to redesign the Central Registration Depository (CRD), a task force comprising the North American Securities Administrators Association (NASAA), industry representatives, the SEC, NASD and other SROs has worked to revise the uniform registration forms (Form U-4 and Form U-5). The NASD has undertaken an extensive redesign effort to improve the CRD which will require electronic filing of registration-related forms.³ The redesigned CRD is intended to offer more efficient processing of registration-related filings and user friendly access to information contained in those filings for all industry and regulatory participants.

The revised Forms U-4 and U-5 define how information regarding securities industry representatives and securities firms will be collected and stored in the revised CRD. Implementation of the amended forms will coincide with implementation of the redesigned CRD. The forms revision effort is intended to provide more useful and accurate information for entry into the CRD. The most significant changes relate to the disclosure questions on Forms U-4 and U-5. The revisions will provide for more detailed reporting to support new functionality created by CRD's redesign. The forms have been revised to include:

- Expansion of Page 1 of Form U-4 and the parallel items on Form U-5 to handle the registration of non-members and to accommodate multiple types of registration or notices of termination for Investment Adviser Representative and Agent of Issuer registrations. (In the long term, the new CRD will ultimately contain licensing data bases for non-members.)

³ The Commission is currently reviewing a proposal by the NASD to amend its By-Laws and Membership and Registration Rules to require member firms to submit information on Forms U-4, U-5, and BD via electronic means and to establish electronic filing protocols. File No. SR-NASD-96-21; Securities Exchange Act Release No. 37291 (June 7, 1996), 61 FR 30269 (June 14, 1996).

⁶ The specific changes being made to the MSRB's rules are set forth in the MSRB's proposed rule change, which is available through the MSRB or the Commission's Public Reference Room.

⁷ 15 U.S.C. § 780-(b)(2)(C) (1988).

⁸ 15 U.S.C. § 78s(b)(3)(A)(iii) (1988).

⁹ 17 CFR 240.19b-4(e)(6) (1995).

¹⁰ 17 CFR 200.30-3(a)(12) (1995).

¹ 15 U.S.C. 78s(b)(1) (1988).

² 17 CFR 240.19b-4 (1994).

- Addition of a statement on Page 4 of Form U-4 that will be executed by the applicant and retained by the member firm, that authorizes the member firm to make electronic filings on behalf of the applicant.

- An option for the applicant and member firm to request on the Form U-4 processing under a Relicensing Program. This program is intended to replace the existing Temporary Agent Transfer (TAT) Program. The new program will result in expedited handling for eligible persons including most individuals who previously have reported an affirmative answer to disclosure questions on their Forms U-4, but who have no new disclosure upon transfer.

- An opportunity for an individual to provide a summary of the circumstances relating to an internal review disclosure submitted by the individual's former employer on the Form U-5.

- Item 22, the disclosure question on the Form U-4 and the parallel disclosure items on the Form U-5 have been made consistent with each other to the extent possible.

- The questions relating to disclosure have been categorized to provide a uniform format to collect, display and sort disclosure detail.

- Each category of disclosure has its own custom Disclosure Reporting Page (DRP) soliciting detail unique to that category.

- Each custom DRP solicits detail to provide the information that regulators have indicated they need in order to make informed registration decisions. The revised DRPs require more detail than the current DRPs, which will reduce the number of requests for additional disclosures that prolong the review and registration process.

The forms also contain a new customer complaint question. The question was developed after discussion between representatives from the NASD, NASAA and the securities industry. The NASD believes the new question will clarify the types of complaints that have to be reported on the Forms U-4 and U-5. The question will require the reporting of all written customer complaints that allege sales practice rule violations and compensatory damages of \$5,000 or more. The definition of the term "sales practice violations" will be included in the explanation of terms section of the forms. The NASD intends to issue a Notice of Members which will include a list of examples of sales practice violations under this section and the instructional software in the new CRD system will have this list as well. The NASD will periodically revise this list as warranted.

Written complaints, which do not evolve into arbitration, civil litigation or a settlement over the jurisdictional amount, will be deleted from the CRD system two years from the date the complaint was reported to the CRD. All arbitration and civil litigation proceedings involving securities transaction matters will be reported regardless of the dollar amount of compensatory damages. All settlements of \$10,000 or more will be reported as well.

The NASD recently began a test pilot phase of the new CRD system with eleven firms and one service bureau that agreed to participate. The pilot participants will go into actual production on the new system on approximately July 29, 1996 using the revised Forms U-4 and U-5. The NASD intends to phase-in the use of the amended Forms with the remaining NASD members commencing on approximately September 9, 1996 and concluding on approximately November 7, 1996.

II. Commission Findings

The Commission finds that the proposed amendments to Forms U-4 and U-5 are consistent with the provisions of Section 15A(b)(6) of the Act.⁴ The amended forms will make the filing of disclosable information easier and more efficient for the securities industry. In addition, the amended forms will provide more detailed information for use by securities regulators, thus fostering the protection of investors and the public interest.

The Commission finds good cause to approve the proposed rule change prior to the 30th day after the date of publication of notice of filing in the Federal Register. The forms were published for comment by NASAA in August 1995 and the revised customer complaint question also was published by NASAA in March 1996. Comments that were received have been addressed by amendments to the forms. As stated earlier, the Commission has received no comment letters on the instant proposal. In addition, the Commission believes that accelerated approval is warranted so the NASD can print and distribute the new forms in time for NASD members to become familiar with the forms prior to their use in July and September 1996.

III. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,⁵ that the

proposed rule change (SR-NASD-96-19) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30-3(a)(12).

Jonathan G. Katz,

Secretary.

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[Release No. 34-37405; International Series Release No. 1002; File No. SR-NYSE-96-12]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change and Amendment No. 1 to the Proposed Rule Change by New York Stock Exchange, Inc., Relating to Equity-Linked Debt Securities

July 3, 1996.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934, 15 U.S.C. 78s(b)(1) (the "Act"), notice is hereby given that on May 17, 1996, the New York Stock Exchange, Inc. 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 self-regulatory organization. The Exchange filed with the Commission Amendment No. 1 to the proposed rule change on June 7, 1996.¹ The Commission is approving the Exchange's proposal, as amended, on an accelerated basis, and solicits comments from interested persons.

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

The New York Stock Exchange, Inc. ("NYSE" or "Exchange") is proposing amendments to its listing standards for Equity-Linked Debt Securities ("ELDS"). These listing standards are contained in Para. 703.21 of its Listed Company Manual.

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 self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received

¹ In Amendment No. 1, the Exchange proposes to amend the proposed rule change to delete footnote one in Para. 703.21 of the NYSE Listed Company Manual. In light of the proposed 20% Test + Daily Trading Volume Standard described more fully herein, the Exchange believes that the footnote is unnecessary. See Letter from James E. Buck, NYSE, to Jonathan G. Katz, Secretary, Commission, dated June 7, 1996 ("Amendment No. 1").

⁴ 15 U.S.C. 78o-3(b)(6) (1988).

⁵ 15 U.S.C. 78s(b)(2) (1988).