

price.” (footnote omitted).¹ Because SOES does not have the capability to determine the exact time when a market maker receives a SOES execution report, at the time this rule was implemented Nasdaq estimated that it took up to five seconds for SOES to execute an order against a market maker and for the market maker to receive a report of the execution (the “SOES Execution Report Communication Period”). As a result, SOES was programmed to uniformly add a five-second period to the “15-Second SOES Execution Response Period,” with the effect that the system executes unpreferred market orders against a market maker in twenty-second intervals, absent a quotation update by the market maker.

Recently, Nasdaq undertook to estimate the time its takes for a market maker to receive a SOES execution report. This analysis indicates that on average, the SOES Execution Report Communication Period is between two and three seconds, although actual time can and does vary depending on activity and communications traffic during different periods of the day. It was determined to be appropriate to assign a two-second period to the SOES Execution Report Communications Period for purposes of the rule.

With this rule filing, therefore, the NASD proposes to explicitly incorporate this two-second period into Rule 4730. Specifically, the NASD proposes to amend Rule 4730 to provide that a market maker shall not be required to execute another unpreferred SOES order at the same bid or offer in the same security until seventeen seconds have elapsed from the time of execution. The proposed rule change is designed to retain the ability of a market maker to respond to SOES executions while recognizing that, under normal circumstances, a minimal period of time is necessary for reports of those executions to be received by the market maker. The proposed amendments to Rule 4730(b) also clarify: (1) That a market maker becomes immediately eligible to receive another execution through SOES if it updates its quote (its bid, offer, or size) during the seventeen second period;² and (2) that the

seventeen second period arises regardless of whether the market maker executes an unpreferred market order or an unpreferred marketable limit order. By amending the rule in this fashion, the rule will eliminate any ambiguities among market participants concerning the manner in which unpreferred orders are executed in SOES. These amendments will also address a concern about the rule noted by the SEC in its Report Pursuant to Section 21(a) of the Securities Exchange Act of 1934 Regarding the NASD and the Nasdaq Market (“SEC Report”).³

The NASD believes that the proposed rule change is consistent with Section 15A(b)(6) of the Act and SEC Rule 11Ac1-1. Section 15A(b)(6) requires that the rules of a national securities association 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 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. Specifically, by clarifying the process by which unpreferred SOES orders are executed in the NASD’s rules, the NASD believes the proposal will promote fair and orderly markets and the protection of investors.

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

The NASD believes that the proposed rule change will not result in 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

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 NASD 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. 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. Copies of such filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to file number SR-NASD-97-50 and should be submitted by August 14, 1997.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁴

Margaret H. McFarland,
Deputy Secretary.

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OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Implementation of Tariff-Rate Quota for Imports of Beef

AGENCY: Office of the United States Trade Representative.

ACTION: Notice.

SUMMARY: The Office of the United States Trade Representative (USTR) is providing notice that USTR has determined that Uruguay, pursuant to its request, is a participating country for purposes of the export certification program for imports of beef under the tariff-rate quota.

DATES: The action is effective August 1, 1997.

⁴ 17 CFR 200.30-3(a)(12).

¹ Securities Exchange Act Release No. 29810 (October 10, 1991), 56 FR 52098, 52099 (order approving file SR-NASD-91-18).

² The proposed amendments to Rule 4730(b) do not change in any way the current functionality of SOES whereby preferred orders are continuously executed against a market maker without any delay between executions. In addition, as is presently the case during locked and crossed markets, SOES will execute orders (both preferred and unpreferred) against those market makers that are locked or crossed in five second intervals. See NASD Rule 4730(b)(4).

³ The SEC stated that “[t]he NASD should have set forth in its filings with the Commission seeking approval for the [SOES execution] delay that the time between executions had been set at twenty seconds, but did not do so.” See Appendix to the SEC Report, at 76.

FOR FURTHER INFORMATION CONTACT: Suzanne Early, Senior Policy Advisor for Agricultural Affairs, Office of the United States Trade Representative, 600 17th Street NW, Washington, DC 20508; telephone: (202) 395-9615.

SUPPLEMENTARY INFORMATION: The United States maintains a tariff-rate quota on imports of beef as part of its implementation of the Marrakesh Agreement Establishing the World Trade Organization. The in-quota quantity of that tariff-rate quota is allocated in part among a number of countries. As part of the administration of that tariff-rate quota, USTR provided, in 15 CFR Part 2012, for the use of export certificates with respect to imports of beef from countries that have an allocation of the in-quota quantity. The export certificates apply only to those countries that USTR determines are participating countries for purposes of 15 CFR Part 2012.

On June 2, 1997, USTR received a request and the necessary supporting information from the government of Uruguay to be considered as a participating country for purposes of the export certification program. Accordingly, USTR has determined that, effective August 1, 1997, Uruguay is a participating country for purposes of 15 CFR Part 2012. As a result, effective on or after August 1, 1997, imports of beef from Uruguay will need to be accompanied by an export certificate in order to qualify for the in-quota tariff rate. Imports exported prior to August 1, 1997, including exports currently warehoused, will not require a certificate. In order for the export certificate to be valid, it has to be used in the calendar year for which it is in effect.

Charlene Barshefsky,

United States Trade Representative.

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DEPARTMENT OF TRANSPORTATION

Coast Guard

[CGD 96-044]

International, Private-Sector Tug-of-Opportunity System, Notice of Availability of a Ship Drift Analysis for the Northwest Olympic Peninsula and the Strait of Juan de Fuca

AGENCY: Coast Guard, DOT.

ACTION: Notice; request for comments.

SUMMARY: The Coast Guard makes available the Ship Drift Analysis for the

Northwest Olympic Peninsula and the Strait of Juan de Fuca, prepared by the National Oceanic and Atmospheric Administration (NOAA). The Coast Guard is seeking comments from the public on how to apply the NOAA analysis to the marine safety criteria set forth in a Report to Congress on International, Private-Sector Tug-of-Opportunity System for the Waters of the Olympic Coast National Marine Sanctuary and the Strait of Juan de Fuca. Requests for written materials may be directed to CDR William Carey as listed under the title **FOR FURTHER INFORMATION CONTACT**.

DATES: Comments must be received by August 14, 1997.

FOR FURTHER INFORMATION CONTACT: CDR William Carey, Commander, Thirteenth U.S. Coast Guard District (mep), telephone (206) 220-7221, fax (206) 220-7225. The telephone number is equipped to record messages on a 24-hour basis. Submit written comments to LT William Pittman, Commandant (G-MOR), U.S. Coast Guard Headquarters, 2100 Second Street, SW., Washington, DC 20593-0001, telephone (202) 267-0426, fax (202) 267-4085.

SUPPLEMENTARY INFORMATION: The Alaska Power Administration Asset Sale and Termination Act (P.L. 104-58) was signed into law on November 28, 1995. A Presidential directive and subsequent DOT Action Plan required the Coast Guard to assess and provide a Report to Congress, in accordance with the Act, on the most cost effective means of implementing a private-sector initiated, international, tug-of-opportunity system (ITOS) for responding to vessels in distress operating off of the Olympic Coast National Marine Sanctuary (OCNMS) and within the Strait of Juan de Fuca. The Report to Congress was signed on January 31, 1997. An addendum is being prepared to the Report to Congress to address issues unresolved as of January and to report on steps taken toward implementation of ITOS. The Coast Guard conducted two public meetings to receive views; one meeting, held October 17, 1996, was on the documentation and marine safety criteria developed by the Coast Guard to assess an ITOS plan; the other meeting, held November 26, 1996, was on the ITOS plan provided by a marine industry coalition. Comments provided by the public during these meetings suggested a need to study more closely the weather conditions affecting ship drift in the area of interest before finalizing the marine safety criteria. As a result, the Department of Transportation requested NOAA study

effects of weather conditions upon ship drift. The NOAA study is now complete.

This notice requests the views of the public on how to apply this new information to the zone boundaries and/or the response time criteria identified below. The specific marine safety criteria under consideration are coverage areas (zone boundaries) and response times. In the Report to Congress, the area of interest was divided into seven zones; these zones were defined as follows: Area 1: An area east of a line between Port Angeles Light to Race Rocks Light; Area 2: An area east of a line between Slip Point Light to San Simon Point and West of the western boundary of Area 1; Area 3: An area defined in the West by a 10 mile Arc centered on Buoy "J" (modified in response to comments from Washington State and the Markah Indian Tribe) defined in the east by the western boundary of Area 2; Area 4: An area bounded on the east by the boundary of Area 3 extending west to 50 miles offshore and on the south by the latitude of Buoy "J" (48° 30'N); Area 5: An area bounded by 48° 30' and 48° 00'N and the western boundary of the OCNMS; Area 6: An area bounded by 48° 00'N and 47° 30'N and the western boundary of the OCNMS; and Area 7: An area bounded by 47° 30'N, the southern boundary of the OCNMS, and the western boundary of the OCNMS. The response times for the coverage areas are as follows: Area 1 is 2 hours; Areas 2 and 3 is 2.5 hours; Area 4 is 6 hours; and Areas 5, 6, 7 is 12 hours.

The public views provided as a result of this notice will be used to prepare the Addendum to the previously mentioned Report to Congress. Once complete, public access to the report will be identified through a notice of availability in the **Federal Register**. Note that there have been 3 prior **Federal Register** notices, 61 FR 15154, 61 FR 48202, and 61 FR 56258, requesting comments. Because these matters are related, feedback on comments related to documentation requirements, marine safety criteria, industry ITOS plan, and ship drift will be joined and provided in a future **Federal Register** notice.

Dated: July 17, 1997.

R.C. North,

Rear Admiral, U.S. Coast Guard Assistant Commandant for Marine Safety and Environmental Protection.

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