

loans made by it to such subsidiaries or customers, provided, further, that any such entity excluded from the definition of investment company under section 3(c)(6) of the Act will not be engaged primarily, directly, or through majority-owned subsidiaries in one or more of the businesses described in section 3(c)(5) of the Act (except as permitted in this condition).

For the Commission, by the Division of Investment Management, under delegated authority.

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 98-2016 Filed 1-27-98; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[File No. 500-1]

### Struthers Industries, Inc.; Order of Suspension of Trading

United States of America Before the Securities and Exchange Commission  
January 26, 1998.

On January 9, 1998, the Securities and Exchange Commission (the "Commission") ordered a 10 day suspension in trading in Struthers Industries, Inc. ("Struthers") because of questions regarding the accuracy of statements, and material omissions, concerning, among other things, (1) the value of certain broadcast licenses in which Struthers claims to have an ownership interest, (2) the presence of or potential for a recapitalization which will enable Struthers to pursue its business plan, and (3) the resignation of Struthers' auditors.

It appears to the Commission that there is a further lack of current and accurate information concerning the securities of Struthers because of separate and additional questions regarding the accuracy of statements and material omissions in a press release issued by Struthers on or about January 12, 1998 to the effect that, among other things:

(1) Struthers continues to work closely with representatives of its former auditor, BDO Seidman, to resolve the "disagreement with the SEC" over the value of the IVDS licenses Struthers holds under contract; and

(2) Struthers' former auditor strongly believes that Struthers has fairly and accurately valued these licenses.

The Commission is of the opinion that the public interest and the protection of investors require a second suspension of

trading in the securities of the above listed company.

Therefore, it is ordered, pursuant to Section 12(k) of the Securities Exchange Act of 1934, that trading in the above listed company is suspended for the period from 9:30 a.m. EST, January 26, 1998 through 11:59 p.m. EST, on February 6, 1998.

By the Commission.

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 98-2183 Filed 1-26-98; 12:31 pm]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meeting

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: [To be Published]

STATUS: Closed Meeting.

PLACE: 450 Fifth Street, N.W., Washington, D.C.

DATE PREVIOUSLY ANNOUNCED: To Be Published.

CHANGE IN THE MEETING: Cancellation of Meeting.

The closed meeting scheduled for Thursday, January 29, 1998, at 10:00 a.m., has been cancelled.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary (202) 942-7070.

Dated: January 23, 1998.

**Jonathan G. Katz,**

*Secretary.*

[FR Doc. 98-2136 Filed 1-23-98; 4:35 pm]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39550; File No. SR-NASD-96-51]

### Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Order Approving Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval to Amendment Nos. 2, 3, and 4 to the Proposed Rule Change Relating to NASD Rule 11890 Regarding Clearly Erroneous Transactions

January 14, 1998.

On December 17, 1996, the National Association of Securities Dealers, Inc. ("NASD" or "Association") filed with

the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act")<sup>1</sup> and Rule 19b-4 thereunder.<sup>2</sup> On January 17, 1997, the NASD filed Amendment No. 1 to the proposed rule change.<sup>3</sup> Notice of the proposed rule change and Amendment No. 1 thereto, including the substance of the proposal, were published for comment in the **Federal Register**.<sup>4</sup> No comments were received. On March 11, 1997, August 13, 1997, and January 5, 1998, the NASD, through its wholly owned subsidiary, The Nasdaq Stock Market, Inc. ("Nasdaq"), submitted to the Commission Amendment Nos. 2,<sup>5</sup> 3,<sup>6</sup> and 4<sup>7</sup> respectively, to the proposed rule change. The Commission is hereby approving the proposed rule change, including Amendment 1 to the proposal. In addition, the Commission is publishing this notice to solicit

<sup>1</sup> 15 U.S.C. § 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See letter from Robert E. Aber, Vice President and General Counsel, Nasdaq, to Katherine A. England, Assistant Director, Division of Market Regulation, SEC, dated January 17, 1997 ("Amendment No. 1"). Amendment No. 1 corrected typographical errors in the text of the proposed rule change.

<sup>4</sup> Securities Exchange Act Release No. 38196 (Jan. 22, 1997) 62 FR 4368 (Jan. 29, 1997) ("Notice").

<sup>5</sup> See Letter from Robert E. Aber, Vice President and General Counsel, Nasdaq, to Ivette Lopez, Assistant Director, Division of Market Regulation, SEC, dated March 11, 1997 ("Amendment No. 2"). In Amendment No. 2, the NASD: (1) Provides the names of Nasdaq officers who have authority to declare transactions clearly erroneous (see footnote 12, below); (2) replaces the term "Association" with "Nasdaq" in section (b)(4) of NASD Rule 11890; (3) clarifies that the Market Operations Review Committee's ("MORC's") decision constitutes the final action of the NASD; (4) clarifies that the officers with the authority to declare on their own motion transactions clearly erroneous because of a system malfunction are the same persons who are authorized to take action when a member makes a complaint; (5) clarifies the length of time for Nasdaq to act on an allegedly clearly erroneous transaction; and (6) explains that as soon as Nasdaq obtains a written appeal from a party, Nasdaq would notify the other party to the transaction.

<sup>6</sup> See Letter from Robert E. Aber, Vice President and General Counsel, Nasdaq, to Ivette Lopez, Assistant Director, Division of Market Regulation, SEC, dated August 13, 1997 ("Amendment No. 3"). In Amendment No. 3, Nasdaq adds to NASD Rule 11890(d)(1) a provision that if Nasdaq notifies the parties of action taken pursuant to paragraph (c) of that rule after 4:00 p.m., either party has until 9:30 a.m. the next trading day to appeal.

<sup>7</sup> See Letter from Robert E. Aber, Vice President and General Counsel, Nasdaq, to Katherine A. England, Assistant Director, Division of Market Regulation, SEC, dated January 5, 1998 ("Amendment No. 4"). In Amendment No. 4 Nasdaq corrected a drafting error to proposed NASD Rule 11890(d)(1) to clarify that an "appeal to the Committee [i.e., the MORC] shall not operate as a stay of the determination made pursuant to paragraphs (a)(2) or (c)" of proposed NASD Rule 11890.

comments from interested persons on Amendment Nos. 2, 3, and 4 to the proposed rule change and is approving those amendments on an accelerated basis.

## I. Description of Rule Changes

### A. Background

In April 1990, the SEC approved an NASD proposal to add Section 70 to the Uniform Practice Code (now NASD Rule 11890) to permit the NASD to declare clearly erroneous transactions null and void if they arise out of the use or operation of any automated quotation, execution, or communication system owned or operated by the NASD. Previously, the NASD had no authority to cancel a transaction, even if one or more terms of the transaction clearly was in error. As described in Nasdaq's filing, one of the catalysts for adopting Rule 11890 was a member's complaint concerning a transaction executed over SelectNet. The transaction was ten points away from the inside quotation, which the member argued was clearly an error, but the contra party refused to cancel the transaction. NASD Rule 11890 gives Nasdaq the ability to resolve disputes involving obvious errors in an expeditious manner, akin to an exchange floor governor ruling.<sup>8</sup>

### B. Current Procedures

NASD Rule 11890 governs the review and resolution of clearly erroneous transaction complaints. Currently, the rule permits the NASD to declare any transaction arising out of the use or operation of any automated quotation, execution, or communication system owned or operated by the NASD or any subsidiary thereof, null and void when there is an obvious error in any term, such as price, number of shares or other unit of trading, or identification of the security. The rule also sets forth procedures for declaring a transaction null and void.

Under NASD Rule 11890(b)(1), a member or person associated with a member seeking to have a transaction declared null and void must notify an officer of the NASD designated by the President of the transaction during Nasdaq's operating hours on the same business day the transaction occurs, and provide such official with all facts and information necessary for a determination. The rule requires the complainant to confirm in writing any information communicated orally. Each member and/or person associated with a member involved in the transaction must provide the NASD with any

information requested to resolve the matter on a timely basis.

Under NASD Rule 11890(b)(2), the designated officer must then review the information submitted and determine whether the transaction is clearly erroneous and detrimental to the maintenance of a fair and orderly market and the protection of investors and the public interest. The official may decline to act on a disputed transaction if he or she believes that action is unnecessary or inappropriate. Under NASD Rule 11890(b)(3), if either party wishes to appeal the staff determination, it may seek review by the Market Operations Review Committee ("MORC").

While the current procedures have served as a vehicle to cancel erroneous transactions, experience has shown that NASD Rule 11890 can be improved to enhance the fairness and expediency with which clearly erroneous transaction complaints are resolved. Experience with the Rule also has revealed shortcomings in the scope of Nasdaq's authority to take action with respect to clearly erroneous transactions. In particular, there have been instances in the past where it would have been appropriate for NASDAQ to declare a series of transactions clearly erroneous even through the parties to the transactions were unaware of any error and therefore were not in a position to bring the error to Nasdaq's attention. The proposed changes to NASD Rule 11890 are intended to eliminate these shortcomings and to provide Nasdaq with additional capabilities to resolve clearly erroneous transactions.

### C. Proposed Amendments

The proposed amendments provide greater specificity and flexibility regarding declarations of clearly erroneous transactions. As explained in more detail below, the proposed amendments would:

(1) Provide Nasdaq officials the authority to efficiently and expeditiously nullify or modify the price and size of clearly erroneous transactions (currently, Nasdaq officials may only nullify, affirm, or decline to act with respect to an allegedly clearly erroneous transaction) (NASD Rule 11890(a)(2));

(2) Shorten the time period in which parties may submit clearly erroneous transaction complaints from any time the same day to within 30 minutes of the disputed transaction (NASD Rule 11890(b)(1));

(3) Clarify the procedures by which the parties to an allegedly clearly erroneous transaction may submit written information concerning the

transaction (NASD Rule 11890(b)(2)-(4));

(4) Provide Nasdaq officials the requisite authority to cancel or modify clearly erroneous transactions on their own motion during system disruptions or malfunctions in the use or operation of any automated quotation, execution, or communication system owned or operated by Nasdaq and approved by the Commission (NASD Rule 11890(c));

(5) Prohibit a member from withdrawing a clearly erroneous transaction complaint unless the other party to the transaction agrees to withdraw the matter (NASD Rule 11890(b)(5));

(6) Shorten the time period to appeal a clearly erroneous transaction determination from four "market" hours to 30 minutes (NASD Rule 11890(d)(1)); and

(7) Clarify that an appeal of a clearly erroneous transaction determination does not operate as a stay of the determination (NASD Rule 11890(d)(1)).

Under the proposed rule change, a complainant seeking to have a transaction reviewed must submit a written complaint to Nasdaq Market Operations: (1) By 10:30 a.m., Eastern Time, for transactions occurring prior to 10:00 a.m.; or (2) within 30 minutes of the transaction for transactions occurring on or after 10:00 a.m.<sup>9</sup> Once a complaint is received, the complainant has up to 30 minutes, or such longer period as specified by Nasdaq staff, to submit any supporting written information concerning the complaint necessary for a determination.<sup>10</sup> The counterparty to the transaction would be verbally notified of the complaint by Nasdaq staff and would have up to 30 minutes, or such longer period as specified by Nasdaq staff, to submit any supporting written information concerning the complaint necessary for a determination. Either party to a disputed transaction may request the written information provided by the other party. Once a party to a disputed transaction communicates that it does not intend to submit any further information concerning a complaint, the party may not thereafter provide additional information unless requested to do so by Nasdaq staff.<sup>11</sup> If both parties to a disputed transaction indicate that they have no further information to provide concerning the complaint before their respective 30-minute periods have elapsed, the matter would

<sup>8</sup> See, e.g., New York Stock Exchange Rule 75.

<sup>9</sup> Proposed NASD Rule 11890(b)(1).

<sup>10</sup> Proposed NASD Rule 11890(b)(2).

<sup>11</sup> Proposed NASD Rule 11890(b)(3).

be immediately presented by a Nasdaq officer for a determination.

Under the proposed rule change, the President of Nasdaq would designate officers of Nasdaq who would have the authority to review any transaction arising out of the use or operation of any automated quotation, execution, or communication system owned or operated by Nasdaq and approved by the Commission.<sup>12</sup> A Nasdaq officer would review the transactions with a view toward maintaining a fair and orderly market and protecting investors and the public interest. Based upon this review, the officer would (1) Decline to act on a disputed transaction if the officer believes the transaction under dispute is not clearly erroneous, or (2) declare the transaction null and void or modify one or more terms of the transaction if the officer determines that the transaction is clearly erroneous.

With respect to the modification of transactions, the Nasdaq officer may adjust any of the terms of a disputed transaction (e.g., price, number of shares or other unit of trading, or identification of the security) to achieve an equitable rectification of the error that would place the parties to the transaction in the same position or as close as possible to the same position as they would have been in had the error not occurred. After making a determination with respect to a particular transaction or group of transactions, Nasdaq would promptly provide oral notification of that determination to the parties and thereafter issue a written confirmation of the determination.<sup>13</sup> Under the

proposal, once a party has applied to Nasdaq for review, the transaction would be reviewed and a determination rendered, unless both parties to the transaction agree to withdraw the application for review prior to a decision being rendered.<sup>14</sup>

The proposed rule change also would provide Nasdaq with the authority and procedures to review transactions executed during system disruptions or malfunctions in the use or operation of any automated quotation, execution or communication system owned or operated by Nasdaq and approved by the Commission.<sup>15</sup> In such an event, Nasdaq, acting through an officer designated by the President of Nasdaq, may, on its own motion, declare the transactions null and void or modify the terms of the transactions.<sup>16</sup> The proposed rule provides that in the absence of extraordinary circumstances, a Nasdaq officer must take action within 30 minutes of detection of the clearly erroneous transactions, but by no later than 6:00 p.m., Eastern Time, on the next trading day following the date of the transactions at issue. When Nasdaq takes action under these circumstances, the member firms involved in the transactions would be notified as soon as practicable and have a right to appeal such action.

Finally, the NASD proposal changes the process by which a Nasdaq officer's determination is appealed. Under the proposal, a member or person associated with a member may appeal a determination to the MORC, provided that such an appeal is made in writing within 30 minutes after the member or person associated with a member receives verbal notification of such determination.<sup>17</sup> An exception exists for circumstances where Nasdaq notifies the parties of action taken pursuant to paragraph (c) (i.e., in cases of system disruptions or malfunctions) after 4:00 p.m. Under these circumstances, either party has until 9:30 a.m. the next trading day to appeal after the member or person associated with a member receives verbal notification of such determination. Once a written appeal has been received, the counterparty to the transaction would be notified of the

appeal<sup>18</sup> and both parties would be permitted to submit any additional supporting written information until the time the appeal is considered by the MORC. Either party to a disputed transaction may request the written information provided by the other party during the appeal process. An appeal to the MORC would not operate as a stay of the determination. Once a party has appealed a determination to the MORC, the determination would be reviewed and a decision rendered. Upon consideration of the record and after such hearings as it may in its discretion order, the MORC would affirm, modify, reverse, or remand the determination of the designated Nasdaq officer. Under the proposal, any adverse determination by a Nasdaq officer or any adverse decision by the MORC would be rendered without prejudice as to the rights of the parties to the transaction to submit their dispute to arbitration.<sup>19</sup>

## II. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning Amendment Nos. 2, 3, and 4. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, DC 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 at the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, DC 20549. 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 No. SR-NASD-96-51 and should be submitted by February 18, 1998.

<sup>18</sup> As soon as Nasdaq obtains a written appeal from a party, Nasdaq would notify the other party to the transaction of the appeal. See Amendment No. 2, and note 5, above.

<sup>19</sup> See Proposed NASD Rule 11890(d)(2). In Amendment No. 4, Nasdaq clarified the ability of parties to seek arbitration: With respect to the ability of a party to submit a dispute to arbitration without prejudice notwithstanding an adverse decision by a Nasdaq officer or the Committee [i.e., the MORC], as set forth in paragraph (d)(2) [of proposed NASD Rule 11890], it should be made clear that this rule does not prevent such party from seeking arbitration either before any such decision is rendered, or in the absence of a determination altogether.

<sup>12</sup> Proposed NASD Rule 11890(a)(2). According to the NASD, officers of Nasdaq are designated by the President of Nasdaq based on the breadth and depth of their experience regarding Nasdaq's rules and market procedures. Alfred Berkeley, Nasdaq's President, has designated, in addition to himself, the following senior officers of Nasdaq as having the authority to act under Rule 11890(a)(2) and 11890(c): John T. Wall, Executive Vice President; John Hickey, Executive Vice President; Glen Shipway, Senior Vice President; Sherman W. Broka, Senior Vice President; Mark DeNat, Vice President; Donald Bosis, Vice President; Beth Weimer, Vice President; William Wlcek, Vice President; Richard Gonzales, Vice President; Richard Bayha, Vice President; and Robert E. Aber, Vice President and General Counsel. According to the NASD, these officers are the only officers that are authorized to declare a transaction clearly erroneous. A list of these designated officers would be maintained by Nasdaq Market Operations and the NASD's Corporate Secretary. See Amendment No. 2.

<sup>13</sup> The NASD has represented to the Commission that Nasdaq officers will render a decision based upon the record as soon as possible under the circumstances. According to the NASD, currently, in almost all cases, the officer makes a decision on the same day the transaction occurred. The NASD indicated that a matter is not handled on the transaction date only where the complaint was filed late in the day (i.e., after 5:00 p.m.) and the necessary information cannot be obtained the same day. The NASD explained that, generally, a

decision is made within an hour of the final submission from a party except where a particular transaction involves complexities that require the staff to take additional time to verify facts provided by the parties. See Amendment No. 2.

<sup>14</sup> Proposed NASD Rule 11890(b)(5).

<sup>15</sup> Proposed NASD Rule 11890(c).

<sup>16</sup> The officials who have the authority to review transactions on their own motion would be the same officials who have the authority to review transactions submitted by a member's complaint. See Amendment No. 2 and note 12, above.

<sup>17</sup> Proposed NASD Rule 11890(d).

### III. Discussion

The Commission finds the proposed rule change, by helping to ensure that clearly erroneous transactions are quickly corrected or nullified and properly reported to the public, is consistent with the Exchange Act and in particular with Sections 15A(b)(6) and 11A(a)(1)(C) of the Exchange Act. Among other things, Section 15A(b)(6) requires that the rules of a national securities association be designed 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. Section 15A(b)(6) also provides that the rules of the association not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. Section 11A(a)(1)(C) provides that, among other things, it is in the public interest to assure the availability to brokers, dealers, and investors of information with respect to quotations for and transactions in securities.

In the proposed rule change, the NASD provides greater specificity in the procedures for resolving clearly erroneous transactions and greater flexibility to Nasdaq officials to remedy such errors expeditiously. The Commission believes that the amendments to the NASD's procedures to review these transactions should benefit market participants by promoting fair and efficient resolution of disputes involving clearly erroneous transactions. In addition, the proposed rule change—in particular the provision for appeal to the MORC—addresses concerns raised by the Commission in its August 8, 1996, Report Pursuant to Section 21(a) of the Securities Exchange Act of 1934 Regarding the NASD and The Nasdaq Stock Market regarding the fairness of the clearly erroneous review process. The NASD believes, and the Commission agrees, that with these amendments the process for resolving clearly erroneous transaction complaints would become fairer and more efficient. In this regard, the proposal is consistent with Exchange Act Section 15A(b)(6) because it helps to ensure that NASD Rule 11890 does not permit unfair discrimination between customers, issuers, brokers, or dealers.

Further, it is important for the proper functioning of the securities markets that investors be able to rely on reported transactions as accurately reflecting the current state of the market and actual executions. When clearly erroneous transactions are publicly reported, it is

important that, whenever possible,<sup>20</sup> Nasdaq correct these clear errors and correct the inaccurate information that was disseminated in the market about these transactions as quickly as possible.

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with the requirements of the Exchange Act and the rules and regulations thereunder applicable to national securities association and, in particular, the requirements of Sections 15A(b)(6) and 11A(a)(1)(c) and the rules and regulations thereunder.<sup>21</sup>

Finally, the Commission finds good cause for approving Amendment No. 2, 3, and 4 to the proposed rule change prior to the thirtieth day after the date of publication of notice of filing thereof. The Exchange's proposal was published in the **Federal Register** for the full statutory period.<sup>22</sup> Amendment Nos. 2, 3, and 4 are technical amendments that clarify the operation of the rule to enhance market participants' comprehension and compliance with these procedures. The Amendments do not diminish the rights of any prospective party with respect to resolving clearly erroneous transactions. Consequently, the Commission finds that there is good cause, consistent with the Exchange Act, to accelerate approval of Amendment Nos. 2, 3, and 4.

### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Exchange Act,<sup>23</sup>

<sup>20</sup> Regarding the transparency of voided or modified clearly erroneous transactions, Nasdaq represented to the Division of Market Regulation that whenever possible within the constraints of Nasdaq's systems, Nasdaq will endeavor to ensure that the tape and historical record will be corrected as soon as possible. Given that allegedly clearly erroneous trades will now be brought to Nasdaq's attention within 30 minutes rather than within four hours as was previously the case, it will be significantly less likely that transactions voided or modified as clearly erroneous will not be corrected on the tape or historical record. Nasdaq also represented that in 1997, when the time period was still four hours, clearly erroneous transactions that were modified or voided were almost always corrected on the tape or historical record. Conversation between Andrew S. Margolin, Office of the General Counsel, Nasdaq, and Jeffrey R. Schwartz, Special Counsel, Division of Market Regulation, SEC, January 8, 1998.

<sup>21</sup> In approving this rule, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. The proposed rule change likely will enhance the efficiency and fairness of the process by which clearly erroneous transactions are modified or nullified. The proposal also should increase the accuracy of transaction reports disseminated to the public. The net effect of approving the proposed rule change will be positive. 15 U.S.C. § 78c(f).

<sup>22</sup> See Securities Exchange Act Release No. 38196, *supra* note 4.

<sup>23</sup> 15 U.S.C. § 78s(b)(2).

that the proposed rule change (SR-NASD-96-51) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>24</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 98-1975 Filed 1-27-98; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39563; File No. SR-NSCC-97-14]

### Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of a Proposed Rule Change to Modify NSCC's Procedures Regarding its Trade Comparison Service

January 20, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on December 9, 1997, the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-NSCC-97-14) as described in Items I, II, and III below, which items have been prepared primarily by NSCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The proposed rule change will modify NSCC's procedures regarding its trade comparison system for over-the-counter ("OTC") securities.

#### II. Self-Regulatory Organizations' Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, NSCC 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 IV below. NSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.<sup>2</sup>

<sup>24</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> The Commission has modified the text of the summaries submitted by NSCC.