

record date of a quarterly dividend, (b) the prospectus for such rights offering makes it clear that shareholders exercising the rights will not be entitled to receive such dividend, and (c) the Fund has not engaged in more than one rights offering during any given calendar year; or

(ii) an offering in connection with a merger, consolidation, acquisition, spin-off or reorganization of the Fund, unless the Fund has received from the staff of the Commission written assurance that the order will remain in effect.

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

**Margaret H. McFarland,**  
Deputy Secretary.

[FR Doc. 99-1326 Filed 1-20-99; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40946; File No. SR-NSCC-98-15]

### Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Regarding Year 2000 Testing

January 14, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on December 29, 1998, the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") and on January 8, 1999, amended the proposed rule change as described in Items I and II below, which items have been prepared primarily by NSCC. The Commission is publishing this notice and order to solicit comments from interested persons and to grant accelerated approval of the proposal.

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

Under the proposed rule change, NSCC will require certain NSCC members to participate in the Security Industry Association's (SIA) Year 2000 test beginning in March 1999.

#### II. Self-Regulatory Organization's 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 test 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>

#### (A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

NSCC's Rule 15 provides, "The Corporation shall establish, as it deems necessary or appropriate, standards of financial responsibility, operational capability, experience and competence for membership." In connection with this standard, NSCC has determined that members who utilize Equity, Fixed Income, or Mutual Funds services and who settle transactions through NSCC must validate their Year 2000 readiness through participation in the SIA Year 2000 test beginning in March 1999. NSCC considers the SIA test appropriate to confirm Year 2000 readiness of its critical members because NSCC's products and services will be represented in this industry-wide effort.

As a prerequisite to participation in the SIA test, members are required to perform connectivity and point-to-point testing with NSCC. NSCC members are required to contact NSCC by January 15, 1999, to establish a date to perform such prerequisite testing.

On an exception basis, NSCC members subject to this testing mandate may be represented in the SIA test by their service bureau. To qualify for this exception (on a per service basis), the member must obtain prior approval from NSCC and meet all of the following three conditions: (1) the member cannot rely upon a direct connection into NSCC (specifically, their input and output must be handled by a service bureau); (2) the member's volume must not be in the top 90% of the volume of all firms who utilize the service by either dollar or transaction count measurements; and (3) the member cannot represent a processing arrangement with the service bureau that is unique to that member. Members subject to the testing mandate who may be represented in the SIA test by their service bureau will be notified by NSCC by January 29, 1999, that they fall within this exception category.

At the conclusion of the SIA test, all members subject to the testing mandate will be required to provide NSCC with written confirmation, in a format

proscribed by NSCC, that test files have been received from NSCC and successfully processed in a Year 2000 compliant manner.<sup>3</sup>

Members who fail to complete prerequisite testing with NSCC prior to the March 1999 SIA test as well as members who are required to participate in the SIA test but fail to do so will be subject to appropriate disciplinary action in accordance with NSCC's rules. Such disciplinary action permits NSCC to limit or restrict a member's access to NSCC. In addition, NSCC could require a member to clear trades through another entity.

NSCC believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder. In particular, the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act,<sup>4</sup> which requires that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and, in general, to protect investors and the public interest.

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

NSCC does not believe that the proposed rule change will impact or impose a burden on competition.

#### (C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

NSCC advised members of its Year 2000 testing requirements in presentations and in an Important Notice, dated September 1, 1998. No written comments have been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

### III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Section 17A(b)(3)(F) of the Act<sup>5</sup> requires that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions. The Commission believes that the proposed rule change is consistent with this obligation because the required prerequisite and SIA Year 2000 testing should allow NSCC to address potential problems associated with its critical members' Year 2000 readiness. As a result, NSCC should be able to continue

<sup>3</sup> NSCC will inform members by Important Notice as to the form in which they must provide written confirmation to NSCC regarding test results.

<sup>4</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>5</sup> 15 U.S.C. 78q-1(b)(3)(F).

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

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

to provide prompt and accurate clearance and settlement of securities transactions before, on, and after Year 2000 without interruption.

NSCC requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after the publication of notice of the filing. The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the publication of notice of the filing because such approval will allow NSCC to implement its mandatory Year 2000 testing program in a timely manner.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. 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 NSCC. All submissions should refer to the File No. SR-NSCC-98-15 and should be submitted by February 11, 1999.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>6</sup> that the proposed rule change (File No. SR-NSCC-98-15) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 99-1325 Filed 1-20-99; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40944; File No. SR-NYSE-98-35]

### Self-Regulatory Organizations; New York Stock Exchange, Inc.; Order Approving Proposed Rule Change Relating to the Specifications and Content Outline for the Trading Assistant Qualification Examination (Series 25)

January 13, 1999.

#### I. Introduction

On November 10, 1998, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change consisting of the specifications of the new trading assistant exam and the Content Outline for the Trading Assistant Qualification Examination ("Series 25 Content Outline"). The proposed rule change was published for comment in the **Federal Register** on December 9, 1998.<sup>3</sup> The Commission did not receive any comments on the proposal. This order approves the proposed rule change.

#### II. Description of the Proposal

In a companion release, the Exchange has proposed to amend Rule 35 which dictates the terms under which an employee of a member or member organization may be admitted to the Exchange trading floor.<sup>4</sup> The Rule 35 Proposal requires floor employees *i.e.*, post clerks and booth clerks, also known as trading assistants ("Trading Assistants") to take and pass an appropriate qualification examination ("Series 25 Examination") and to meet appropriate training requirements. Currently, Rule 35 only requires trading assistants to submit a completed Form U-4 ("Uniform Application for Securities Industry Registration or Transfer") and fingerprints. The current requirements will continue to be effective.

Under the Rule 35 Proposal, all current and prospective Trading Assistants will be required to pass the Series 25 Examination. Moreover, new

Trading Assistants will be required to attend a 3-month training session (including on-the-job and classroom training) before taking the exam. New Trading Assistants will not be permitted to perform their functions without supervision until they pass the exam. Current Trading Assistants will have one year from implementation of the new requirements to pass the exam and will not be required to attend the 3-month training unless they twice fail the Series 25 Examination.

The Exchange, in conjunction with the amendments to Rule 35, filed this proposal to submit its Series 25 Content Outline. The Series 25 and the Series 25 Content Outline were developed by the Exchange along with a committee of Exchange members and Trading Assistants. The Exchange believes the Series 25 will ensure that Trading Assistants will have the basic knowledge, skills, and abilities necessary to perform the functions and carry out the responsibilities of their position. The Series 25 Content Outline details the coverage of the examination. According to the Series 25 Content Outline, it is intended to familiarize examination candidates with the range of subjects covered, as well as the depth of knowledge required.

#### III. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>5</sup> In particular, the Commission finds that the proposed rule change is consistent with the requirements of Section 6(c)(3)(B) of the Act.<sup>6</sup>

Section 6(c)(3)(B) of the Act provides, among other things, that a national securities exchange may examine and verify the qualifications of applicants who desire to become associated with a member and may require any person associated with a member to be registered with the exchange in accordance with established procedures. This section also provides that an exchange may bar a person from becoming a member if such person does not meet standards of training, experience, and competence as are prescribed by the rules of the exchange.

<sup>5</sup> In reviewing this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>6</sup> 15 U.S.C. 78f(c)(3)(B).

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

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

<sup>3</sup> Securities Exchange Act Release No. 40721 (November 30, 1998), 63 FR 67965 (December 9, 1998).

<sup>4</sup> Securities Exchange Act Release No. 40720 (November 30, 1998), 63 FR 67969 (December 9, 1998) ("Rule 35 Proposal").

<sup>6</sup> 15 U.S.C. 78s(b)(2).

<sup>7</sup> 17 CFR 200.30-3(a)(12).