

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 Room. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-NASD-99-58 and should be submitted by November 5, 1999.

#### IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

The Commission finds that the proposed rule change is consistent with Sections 11A(a)(1)(B) and (C) and 15A(b)(6) of the Act.<sup>12</sup> The Commission believes that, in connection with the globalization of securities markets, the Service provides an opportunity to advance the statutory goals of: (1) Achieving more efficient and effective market operations; (2) broader availability of information with respect to quotations for securities; (3) the execution of investor orders in the best market through the use of advanced data processing and communications techniques; and (4) fostering cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities.

The Commission continues to view the Service as a significant experiment in expanding potential opportunities for international trading via a system operated by Nasdaq. The Service is intended to promote additional commitments of member firms' capital to market making and to attract commitments from firms based in Europe that currently do not function as Nasdaq market makers. Although there are no Service market makers participating in the Service, the NASD plans to reevaluate the Service's operation and consider possible enhancements to the Service to broaden market maker participation. Additionally, the Service provides an early warning system when Nasdaq implements significant changes involving its hardware and software systems. Because the Service operates before the opening of the domestic

session of Nasdaq, the Service allows for the early detection of systems or communication problems. Accordingly, the Commission believes that this pilot operation warrants an extension to permit possible enhancements that will increase the Service's utility and attractiveness to the investment community. Any changes to the operation of the Service will be filed pursuant to Section 19(b)(2) of the Act.<sup>13</sup>

Pursuant to Section 19(b)(2) of the Act,<sup>14</sup> the Commission finds good cause for approving the proposed rule change prior to the 30th day after the date of publication of notice of filing thereof. The Commission believes that it is appropriate to approve on an accelerate basis the one year extension of the Service, until October 9, 2000, to ensure the continuous operation of the Service, which is set to expire on October 9, 1999.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>15</sup> that the proposed rule change (SR-NASD-99-58) is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>16</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41993; File No. SR-NASD-99-47]

#### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to SelectNet Fees

October 8, 1999.

Pursuant Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 20, 1999, the National Association of Securities Dealers, Inc. ("NASD"), through its wholly owned subsidiary, the Nasdaq Stock Market, Inc. ("Nasdaq") filed with the Securities and Exchange Commission ("Commission") the proposed rule

change as described in Items I and II below, which Items have been prepared by Nasdaq. On September 29, 1999, Nasdaq filed with the Commission Amendment No. 1 to the proposed rule change.<sup>3</sup> Nasdaq has designated this proposed rule change as establishing or changing a due, fee or other charge under Section 19(b)(3)(A) of the Act,<sup>4</sup> which renders the proposed rule change effective upon receipt of the filing by the Commission.<sup>5</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

Nasdaq is proposing to make changes to NASD Rule 7010, which sets forth the SelectNet fee schedule. Proposed new language is italicized; proposed deletions are in brackets.

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#### 7000. CHARGES FOR SERVICES AND EQUIPMENT

##### 7010. System Services

(a)-(h) No Change

(i) SelectNet Service

[Effective February 1, 1998, t] The following charges shall apply to the use of SelectNet:

Transaction Charge—\$2.50/Side

Directed Order Charge—\$1.00 (per execution, entering party only)

Cancellation Fee—\$.25/per order

*For a pilot commencing October 1, 1999, and lasting until March 31, 2000 an NASD member who enters a directed SelectNet order that is subsequently executed in whole or in part will have its monthly Directed Order Charges assessed as follows:*

*\$1.00 per order for the first 50,000 directed orders executed that month*

*\$0.70 per order for the next 50,000 directed orders executed that same month*

*\$0.20 per order for all remaining directed orders executed that same month*

*Executions resulting from broadcast messages will continue to be assessed at a \$2.50 per side rate.*

<sup>3</sup> Amendment No. 1 makes several technical, non-substantive changes to Nasdaq's proposal. See letter from Thomas Moran, Assistant General Counsel, Nasdaq, to Mignon McLemore, Attorney, Division of Market Regulation, Commission, dated September 28, 1999 ("Amendment No. 1").

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>5</sup> The proposed rule change is deemed filed as of the date Amendment No. 1 was received by the Commission.

<sup>12</sup> In reviewing this proposal, the Commission has considered its potential impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

<sup>13</sup> 15 U.S.C. 78s(b)(2).

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> 17 CFR 200.30-3(a)(12).

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

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

(j)-(n) No Change

\* \* \* \* \*

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

In its filing with the Commission, Nasdaq 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. Nasdaq has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

#### 1. Purpose

In a continuing effort to provide the most cost-effective trading environment of NASD members, Nasdaq is proposing a pilot program to reduce execution costs for any NASD member who engages in significant trading activity using Nasdaq's SelectNet system. Under the pilot, NASD members who send directed orders through SelectNet that are subsequently executed in whole or in part will be assessed monthly SelectNet directed orders fees as follows: Executions 0-50,000 that month will be assessed at a \$1.00 per execution rate; Executions 50,001-100,000 that same month will be assessed at a \$0.70 per execution rate; and Executions 100,001 or higher that same month will be assessed at a \$0.20 per execution rate. Executions resulting from broadcast messages will continue to be assessed at a \$2.50 per side rate. The pilot, like previous Nasdaq SelectNet fee reductions,<sup>6</sup> responds to dramatic increases in SelectNet execution rates and seeks to synchronize Nasdaq's fee structure with current market activity to achieve material reductions in market participants costs. This pilot program shall run from October 1, 1999, through March 31, 1999, unless further extended or modified by Nasdaq.

#### 2. Statutory Basis

Nasdaq believes the proposed rule change is consistent with Section 15A(b)(5)<sup>7</sup> of the Act because it is designed to provide for the equitable allocation of reasonable dues, fees, and

other charges among its members and issuers and other persons.

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

Nasdaq does not believe that the proposed rule change will impose 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

Written comments on the proposed rule change were neither solicited nor received.

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

The foregoing rule change establishes or changes a due, fee, or other charge imposed by Nasdaq and, therefore, has become effective pursuant to Section 19(b)(3)(A)(ii)<sup>8</sup> of the Act and subparagraph (f)(2) of Rule 19b-4 thereunder.<sup>9</sup> At any time within 60 days of the filing of the proposed rule change,<sup>10</sup> 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.<sup>11</sup>

## 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. 20549-0609. 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 Room. Copies of such filing also will be

available for inspection and copying at the principal office of the NASD.

All submissions should refer to File No. SR-NASD-99-47 and should be submitted by November 5, 1999.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

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

[FR Doc. 99-26894 Filed 10-14-99; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41984; File No. SR-NYSE-99-37]

### Self-Regulatory Organization; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the New York Stock Exchange, Inc. to Revise the Uniform Application for Securities Industry Registration or Transfer (Form U-4) and Uniform Termination Notice for Securities Industry Registration (Form U-5)

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> notice is hereby given that on August 31, 1999, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.<sup>3</sup> For the reasons discussed below, the Commission is granting accelerated approval of the proposed rule change.

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

The NYSE proposes to adopt the revised Form U-4 ("Uniform Application for Securities Industry Registration or Transfer") and the revised Form U-5 ("Uniform Termination Notice for Securities

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

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

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

<sup>3</sup> A non-substantive amendment was made to the proposal. In this amendment, the NYSE removed language describing certain aspects of the National Association of Securities Dealers, Inc.'s ("NASD") Web CRD policy because the language was inaccurate. Telephone conversation between Mary Anne Furlong, Director, Rule and Interpretative Standards, NYSE, and Joseph P. Corcoran, Attorney, Division of Market Regulation, Commission, on September 9, 1999.

<sup>6</sup> See Exchange Act Release No. 39248 (October 16, 1997); 62 FR 55296 (October 23, 1997).

<sup>7</sup> 15 U.S.C. 78o(b)(5).

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>9</sup> 17 CFR 240.19b-4(f)(2).

<sup>10</sup> See *supra*, note 4.

<sup>11</sup> In reviewing this proposal, the Commission has considered the proposal's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).