

as amended, is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁷

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-28457 Filed 10-29-99; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42057; File No. SR-NASD-99-64]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 to the Proposed Rule Change by the National Association of Securities Dealers, Inc., to Delay Implementation of 90-Second Trade Reporting as Part of a Pilot Program Extending the Availability of Certain Nasdaq Services and Facilities Until 6:30 P.M. Eastern Time

October 22, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on October 22, 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 ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by Nasdaq. Also on October 22, 1999, the NASD filed Amendment No. 1 to the proposed rule change.³ The Exchange filed the proposal pursuant to Section 19(b)(3)(A) of the Act,⁴ and Rule 19b-4(f)(6) thereunder,⁵ which renders the proposal effective upon filing with the Commission. 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

Nasdaq proposes to defer, until November 15, 1999, the imposition of 90-second trade reporting rules between the hours of 5:15 p.m. and 6:30 p.m. Eastern Time that are part of a pilot program extending the availability of several Nasdaq services and facilities until 6:30 p.m. Eastern Time. This pilot was approved by the Commission⁶ and is set to commence on October 25, 1999. The text of the proposal is available upon request from the Office of the Secretary, the NASD, or the Commission.

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 is 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

On October 13, 1999, the Commission approved a pilot program expanding the operating hours of certain Nasdaq services and facilities until 6:30 p.m. Eastern Time.⁷ The pilot is set to commence on October 25, 1999, and will expand until 6:30 p.m. Eastern Time the operation times of the following services: (1) SelectNet Service ("SelectNet"); (2) Automated Confirmation Transaction Service ("ACT"); (3) Nasdaq Quotation Dissemination Service ("NQDS"); and (4) Nasdaq Trade Dissemination Service ("NTDS"). Subsequent to the Commission's approval of the pilot, Nasdaq and the Commission received numerous expressions of concern from NASD members regarding their ability to convert their internal automated systems in time to comply with the October 25, 1999 start of the pilot, and in particular with the imposition of new 90-second trade reporting obligations

between the hours of 5:15 p.m. and 6:30 p.m. Eastern Time.

Upon review of these concerns, the determination was made to defer imposition of 90-second trade reporting until November 15, 1999 between the hours of 5:15 p.m. and 6:30 p.m. Eastern Time. All member firms are expected, however, to report trades as soon as possible after execution, and to the extent they are able to do so before November 15, 1999, within 90 seconds. In addition, Nasdaq has requested that the Commission staff expand its previous grant of no-action relief concerning SEC Rules 11Ac1-1(c)(5),⁸ 11Ac1-4⁹ and 301(b)(3)¹⁰ to December 6, 1999, the date on which Nasdaq expects to be able to provide an inside quote. Pursuant to this relief, the NASD will likewise defer enforcement of NASD IM 2110-2 (Trading Ahead of Customer Limit Order) until December 6, 1999.

Finally, Nasdaq will soon amend SR-NASD-99-62, currently pending with the Commission, which seeks to mandate 90-second trade reporting is listed securities from 5:15 p.m. to 6:30 p.m., to seek a delay in imposing that obligation on NASD member firms until November 15, 1999, to allow firms additional time to modify their internal systems and make uniform the start date for 90-second trade reporting.

These modifications will allow the expanded availability of Nasdaq's SelectNet/ACT/NQDS/NTDS systems and services to 6:30 p.m. Eastern Time to commence on October 25, 1999, as scheduled, while at the same time giving NASD member firms sufficient time to make internal systems changes.

Nasdaq believes that the proposal will provide firms with a reasonable opportunity to enhance their internal systems prior to the November 15, 1999 start date of expanded 90-second trade reporting. Nasdaq believes this approach strikes a prudent balance between investors' need for enhanced quote and trade collection and dissemination after the regular close of the Nasdaq market and constraints faced by the industry with the implementation of system solutions to what would otherwise will be the manual processing of trades and trade reports.

Nasdaq believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act¹¹ in that it is designed to prevent fraudulent and manipulative acts and

¹⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See October 22, 1999 letter from Thomas P. Moran, Assistant General Counsel, Nasdaq, to Belinda Blaine, Associate Director, Division of Market Regulation, SEC ("Amendment No. 1"). In Amendment No. 1, Nasdaq requested that the proposed rule change be filed under Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder. 15 U.S.C. 78s(b)(3)(A) and 17 CFR 240.19b-4(f)(6). Nasdaq also requested that the Commission waive the 5-day notice of its intent to file the proposal and the 30-day period before the proposal becomes operative pursuant to Rule 19b-4(f)(6). 17 CFR 240.19b-4(f)(6).

⁴ 15 U.S.C. 78s(b)(3)(A).

⁵ 17 CFR 240.19b-4(f)(6).

⁶ See Securities Exchange Act Release No. 42003 (October 13, 1999)(SR-NASD-99-57).

⁷ *Id.*

⁸ 17 CFR 240.11Ac1-1(c)(5).

⁹ 17 CFR 240.11Ac1-4.

¹⁰ 17 CFR 242.301(b)(3).

¹¹ 15 U.S.C. 78o-3(b)(6).

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.

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

Nasdaq does not believe that the proposed rule change will 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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change does not:

(i) significantly affect the protection of investors or the public interest;

(ii) impose any significant burden on competition; and

(iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹² and Rule 19b-4(f)(6) thereunder.¹³ At any time within 60 days of the filing of the proposed 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.

Nasdaq has requested that the operative date be accelerated, and that the Commission waive the requirement that it provide written notice of its intent to file the proposed rule change more than five business days prior to the date of filing of the proposed rule change.

The Commission finds that it is appropriate to designate the proposal to become operative today because such designation is consistent with the protection of investors and the public interest. Acceleration of the operative date of the proposed rule change will allow NASD members additional time to convert their internal automated system to comply with the imposition of new 90-second trade reporting obligations

between the hours of 5:15 p.m. and 6:30 p.m. Eastern Time, and to make uniform the start date 90-second trade reporting. For these reasons, the Commission finds good cause to waive the requirement that Nasdaq provide written notice of its intent to file the proposed rule change prior to the date of filing the proposal, and to designate that the proposal become operative today.¹⁴

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposal 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 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-99-64 and should be submitted November 22, 1999.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁵

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-28458 Filed 10-29-99; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42051; File No. SR-PCX-99-35]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Pacific Exchange, Inc. To Increase Lead Market Maker Concentration Levels From 10% to 15%

October 22, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

¹⁴ In reviewing this rule, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. ¹⁵ U.S.C. 87c(f).

¹⁵ 17 CFR 200.30-3(a)(12).

("Exchange Act" or "Act"),¹ notice is hereby given that on September 15, 1999, the Pacific Exchange, Inc. ("PCX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by PCX. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Currently, PCX Rule 6.82(e)(3) states that in the absence of extraordinary circumstances, as determined by the PCX's Options Allocation Committee, no Lead Market maker ("LMM") may be allocated more than 10% of the number of issues traded on the options floor. The PCX proposes to amend PCX Rule 6.82(e)(3) to increase the percentage of issues that the Options Allocation Committee may allocate to an LMM from 10% to 15% of the number of issues traded on the options floor. Below is the text of the proposed rule change. Proposed new language is in *italics*; proposed deletions are *brackets*.

* * * * *

Rule 6.82

(a)-(d)—No Change.

(e)(1)-(2)—No Change.

(3) Concentration of Issues. In the absence of extraordinary circumstances, as determined by the Options Allocation Committee, no LMM may be allocated more than [10%] *fifteen percent (15%)* of the number of issues traded on the Options Floor.

(e)(4)—No Change.

(f)-(h)—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, the PCX 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. The PCX has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

¹ 15 U.S.C. 78s(b)(1).

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(6).