

thereunder. At any time within 60 days of the filing of such 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.

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 at the Commission's Public Reference Room. Copies of the filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-BSE-97-05 and should be submitted by November 4, 1997.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-27047 Filed 10-10-97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39202; File No. SR-CBOE-97-45]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to Certain Rules Governing Market-Maker Obligations With Respect to the Trading of Options on the DJIA

October 3, 1997.

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 September 8, 1997,³ the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") 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 the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and is granting accelerated approval to the proposed rule change.

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

The CBOE proposes to amend certain of its rules governing market-maker obligations with respect to the trading of options on the Dow Jones Industrial Average ("DJIA" or "Index"). The text of the proposed rule change is available at the Office of the Secretary, CBOE and at 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, the self-regulatory organization 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 III below. The self-regulatory organization 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

The Exchange is proposing to amend certain Exchange rules governing market-maker obligations with respect to the trading of options on the DJIA (trading symbol "DJX"). Specifically, the Exchange is proposing to make the following changes with respect to trading in options on the DJIA: (i) Amending Rule 24.17 to apply the rules governing the Retail Automatic Execution System ("RAES") eligibility in options on the Standard & Poor's 100 Stock Index ("S&P 100") ("OEX") to

options on the DJIA; (ii) amending Rule 24.17 to add an interpretation and policy that the provisions of paragraph (b)(v)(C) and (D) will not apply to DJX market makers until December 1, 1997; (iii) creating Rule 24.17A, RAES Operations in Options on the DJIA, which applies the RAES operations in OEX to DJX and states that the Exchange can determine the maximum order size for RAES orders for options on the DJIA up to 100 contracts, a higher level than for OEX; (iv) amending paragraph (a)(2) of Rule 8.51 (and related interpretations) governing the minimum firm quote requirement, for a market-maker trading crowd; (v) applying the terms of the previously approved OEX firm quote program to the DJX trading crowd, and amending the fine amount under the Minor Rule Plan for violations of the Firm Quote Rule; (vi) amending the fine schedule for violations of the Firm Quote Rule for OEX; and (vii) amending Rule 8.16, RAES Eligibility in Equity Options, to indicate that it does not apply to DJIA options.⁴

The purpose for these proposed rule changes is to enhance market-maker obligations with respect to the trading of options on the DJIA. The Exchange expects these change to enhance the depth and liquidity of the market for options on the DJIA. The Exchange also notes that because option contracts on the DJIA will be based upon one-one hundredth of the value of the DJIA, these options contracts will overlie approximately one-tenth of the value that other broad-based index options overlie, such as options on the Standard & Poor's 500 Stock Index ("SPX") and on OEX. This is so because the values of the S&P 500 Index and the S&P 100 Index currently are approximately one-tenth of the value of the DJIA, yet OEX and SPX are based on the full value of their respective underlying indexes. Consequently, the Exchange believes an increase in these market-maker obligations is necessary to ensure an appropriate level of market-maker commitment.

Under the proposed rule change, the rules applicable to RAES in OEX will apply to RAES in DJX. The proposed rule change revises Rule 24.17, RAES Eligibility in OEX to refer to "Option Class" instead of OEX. "Option Class" will mean either OEX or DJX, as appropriate. Also, the Rule will be revised to refer to the "appropriate Committee" which will mean the OEX Market Performance Committee" the

³ The Exchange filed Amendment No. 1 to the proposed rule change, the substance of which is incorporated into this notice. See letter from Timothy H. Thompson, Senior Attorney, CBOE, to John Ayanian, Special Counsel, Market Regulation, Commission, dated September 16, 1997 ("Amendment No. 1").

⁴ The Exchange's OEX firm quote program was approved by the Commission under Section 19(b) of the Act in Securities Exchange Act Release No. 37388 (June 28, 1996), 61 FR 35821 (July 8, 1996).

¹ 17 CFR 200.30-3(a)(12).

² 15 U.S.C. 78s(b)(1).

³ 17 CFR 240.19b-4.

case of OEX and "the Exchange Committee to which the Exchange delegates the market performance function for options on the DJIA" in the case of DJX. The proposed rule change also adds Interpretation and Policy .02 to Rule 24.17 to state that the provisions of paragraphs (b)(v) (C) and (D) (formerly paragraphs (a)(v) (C) and (D)) shall not apply to DJX market makers until December 1, 1997.⁵

The proposed rule change also adds a new Rule 24.17A that sets forth the RAES Operations for Options on the DJIA, stating that RAES will operate the same for DJX as for OEX, including that the Exchange shall determine that series will be eligible for RAES in DJX. Over the years, the Commission has approved OEX RAES operational policies to Section 19(b) of the Act; however, these policies have not been codified in the Exchange rules. CBOE now proposes that these policies also extend to DJX.⁶ For example, the proposed rule change will apply DJX RAES the OEX RAES that allows OEX RAES orders to trade ahead of orders on the customer limit order book in situations where the displayed bid or offer is equal in price to a customer order, reflected in the limit order book. This is an exception to the normal protection afforded customer orders on the book, where RAES orders entered when a booked order matches the price of the disseminated bid (for a RAES order to sell) or offer (for a RAES order to buy) are "kicked out" of RAES and generally executed manually on the floor.⁷

⁵ Rule 24.17(b)(v) (C) and (D) state that a market maker in RAES who wants to participate in OEX (and now DJX) must execute at least seventy-five percent of his market-maker contracts for the preceding calendar month in OEX and execute at least seventy-five percent of his market maker trades for the preceding calendar month in OEX (and now DJX) in person.

⁶ See letter from Timothy H. Thompson, Senior Attorney, CBOE, to John Ayanian, Special Counsel, Market Regulation, Commission, dated September 24, 1997 ("September letter"). See Securities Exchange Act Release Nos. 23490 (August 1, 1996), 51 FR 28788 (August 11, 1986) (firms on the Order Routing System will automatically be on RAES for purposes of routing small public customer market or marketable limit orders into RAES; the system will automatically attach a price to an order when it receives the order, which price will be determined from this displayed quote at the time of the order's entry; RAES orders that match customer orders on the book will not be kicked out but will be executed on RAES against normal priority rules; participating market makers will be assigned to the system as counterparties on a rotating basis; Exchange rule shall not apply to the extent they are inconsistent with the terms of the program; RAES orders will count towards fulfillment of the in-person requirement of Rule 8.7; and 38702 (May 30, 1997), 62 FR 31184 (June 6, 1997) (all or none, immediate or cancel, fill or kill, and minimum quantity contingency orders that are otherwise RAES eligible may be executed on RAES).

⁷ See *supra* note 6 and letter from Timothy H. Thompson, Senior Attorney, CBOE, to Michael

The Exchange believes that it is reasonable to apply this OEX RAES policy to DJX, based upon the way in which the Exchange expects the DJX trading crowd to function, the amount of protection it expects the "stranded" booked orders to receive on the floor, and the operational difficulties associated with "kicking out" RAES orders for manual execution on the floor.⁸

Specifically, CBOE has stated that it expects this portion of the proposed rule change to have only a nominal effect on the execution of booked orders because, based on information gathered from talking to firms and investors, it believes that DJX will attract a large order flow and that large market-making firms will have a presence in the trading crowd. The Exchange believes that this combination of active order flow and liquid, well-capitalized traders will result in the DJX trading floor operating much like the trading floors in OEX and IBM. The Exchange believes that in this type of trading environment where there is high liquidity, the likelihood that a booked order will not be executed after the execution of a RAES order at the same price is small. In addition, the CBOE notes that the likelihood of the "stranded" order not being executed is diminished by the Exchange's existing priority rule, Rule 6.45, which ensures that no transaction can take place on the floor at a price equal to or better than the price of the booked order until the booked order has been filed.⁹ Finally, CBOE states that the adverse effects to customer orders that would result if RAES orders were "kicked out" to be executed on the trading floor, such as delayed and missed executions, outweigh the potential disadvantage that might result to customer limit orders on the book from the proposed limited exception to the normal priority rules.¹⁰

Walinskas, Senior Special Counsel, Market Regulation, Commission, dated October 2, 1997 ("October letter"). OEX and IBM options are the only two classes where RAES orders are granted priority over booked orders.

⁸ See October letter *supra* note 7. The primary purpose and benefit of this policy of "kicking out" RAES orders is to allow the "kicked out" RAES order to interact with the booked order.

⁹ The Commission notes that this does not take into account the market moving through the booked order before it is executed.

¹⁰ The Exchange expects the number of DJX RAES orders that would be "kicked out" under the normal priority rules would be significant because of the fact that DJX is designed to appeal to retail customers who are more likely to send in small RAES eligible orders, the larger RAES eligible order size for DJX, and the greater percentage of DJX series that will be eligible for RAES in DJX (all series) than in OEX (only those series where the offer is \$10 or less are currently eligible).

Proposed Rule 24.17A also states that the Exchange will have the discretion to set the eligible order size for RAES orders up to one hundred (100) contracts. The Exchange believes expanding the eligible contract limit size for RAES will provide the benefits of: more timely and cost-effective executions of customer options orders to a greater number of orders than would be the case if no changes were made; enhanced audit trail; enhanced fill reporting and price reporting; increased customer confidence; and reduction of transactions that have to be executed manually on the trading floor, thereby increasing the efficiency in the handling of non-RAES orders. The Exchange also notes that Rule 24.15(e) allows the Exchange to set an eligible order size of up to ninety-nine contracts for SPX options. As noted, an SPX option covers approximately ten times the value of an option on the DJIA.

CBOE believes that this proposed rule change will not impose any significant burdens on the operation, security, integrity, or capacity of RAES, but will increase the efficiency of the Exchange operations.

The Exchange also is proposing to amend Rule 8.51 to allow the firm quote requirement for options on the DJIA to be set at a level of up to one hundred (100) contracts. Under Rule 8.51, a trading crowd is obligated to fill non-broker-dealer customer orders for up to the specified number of contracts at the quotes that are displayed when the order reaches the trading station at which the option is traded. The reasons specified above justifying the change in the maximum RAES order size—the relatively smaller dollar value of options on one-one-hundredth of the DJIA as compared to other broad-based index options and the Exchange's desire to enhance the depth and liquidity of the market for options on the DJIA—apply equally to this proposed change in the firm quote requirement. The exchange is also proposing to amend Interpretations .01 and .03 to Rule 8.51 to make these interpretations consistent with the change to paragraph (a) of Rule 8.51.

Finally, the Exchange is proposing to apply the terms of the OEX firm quote program to trading in DJX. Among the significant terms of the firm quote program are that: Floor Officials may designate one or more market-makers to take the contra side of a transaction if market-makers do not voluntarily honor the trading crowd's obligation; market-makers have the obligation to state the size of their markets if those markets are for less than the DJX firm quote limit; market-maker and broker-dealer quotes for less than the firm quote limit will

not be displayed;¹¹ and Floor Brokers may choose one of two alternatives in obtaining a fill under the Firm Quote Rule, as described in the first circular attached as Exhibit B to the submitted filing.

The second Firm Quote Circular, attached as Exhibit C to the submitted filing, sets forth a schedule of fines that may be imposed pursuant to the Minor Rule Violation rule for violation of the Firm Quote Rule. The Exchange believes that both of these circulars are essentially identical to the OEX firm quote program circulars except that they apply to trading in DJX and they accordingly have a different firm quote requirement. In addition, the Exchange has decided to adopt a policy whereby the fine for a third and fourth violation of the firm quote policy in both DJX and OEX would be \$2,500, and for subsequent violations there is a mandatory referral to the Business Conduct Committee ("BCC").¹² The Exchange will reissue the OEX circular with the revised fine schedule. The Exchange notes that although the upper fine limit is being reduced, the Exchange will exercise its authority to commence a disciplinary proceeding pursuant to Exchange Rule 17.2 in egregious situations and will refer the case to the BCC for violations past the fourth violation. Of course, in disciplinary proceeding the violating member could be subject to even greater fines and other sanctions including suspension.

The Exchange requests the Commission to find good cause, pursuant to Section 19(b)(2) of the Act, for approving the proposed rule change prior to the thirtieth day after publication in the **Federal Register**. The Exchange believes that accelerated effectiveness of the proposed change is appropriate because the Commission has approved other proposals by options exchanges allowing similar increases in the number of option contracts eligible for automatic execution¹³ and has

approved an essentially identical firm quote program for OEX. In addition, for the same reasons, the Exchange believes an increase in the firm quote requirement is justified and that the increase in the firm quote requirement is a benefit to public customers without any disadvantages to public customers. Also, because options on the DJIA are based on one-one hundredth of the value of the Index, the value of the Index underlying an option on the DJIA is only approximately one-tenth of the value of the indexes underlying certain other broad based indexes which have a RAES eligible order size of ten or more and a firm quote requirement of ten. Therefore, the Exchange believes no unique or novel questions are raised by this change.

2. Statutory Basis

By establishing market-maker obligations with respect to trading options on the DJIA, including a firm quote requirement and a maximum size for DJX orders eligible for execution through RAES, the Exchange believes that the proposed rule change will better serve the needs of CBOE's public customers and the Exchange members who make a market for such customers, and is consistent with and furthers the objectives of Section 6(b)(5) of the Act¹⁴ in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and to protect investors and the public interest.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

No written comments were either solicited or received.

III. 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

Amex-93-33) (increasing the size of Japan Index options orders eligible for automatic execution to 99 contracts); and 25950 (July 28, 1988), 53 FR 29293 (August 3, 1988) (order approving File No. SR-Amex-87-20) (increasing the number of Institutional Index options eligible for automatic execution to 100 contracts).

¹⁴ 15 U.S.C. 78f(b)(5).

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 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-CBOE-97-45 and should be submitted by November 3, 1997.

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

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. Specifically, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act¹⁵ in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and to protect investors and the public interest.¹⁶

The Commission believes it is reasonable for the Exchange to amend Rule 24.17 to apply the OEX RAES eligibility requirements to DJX, and to apply the terms of the previously approved firm quote program for OEX to DJX because they are similar products that are expected to trade in a similar manner and it is necessary to have a RAES rule and a firm quote program in order to ensure efficient trading in DJX. Also, the Commission believes it is reasonable under the Act to exempt DJX market makers from the requirements in amended Rule 24.17(b)(v)(C) and (D)¹⁷ until December 1, 1997 because when options on the DJIA begin to trade on October 6, 1997 there will be no "preceding month" against which to measure a DJX market maker's performance.

The Commission also believes it is reasonable for the Exchange to establish

¹⁵ U.S.C. 78f(b)(5).

¹⁶ In approving this rule, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹⁷ See supra note 6.

¹¹ The largest possible firm quote limit will be 100 contracts, which is approximately equal in value to 10 contracts in OEX. In addition, broker-dealer orders for less than the applicable firm quote requirement will not be disseminated.

¹² The current fine schedule for violations of the firm quote policy for OEX states that the fine for third and subsequent violations is \$3,000 to \$5,000.

¹³ See Securities Exchange Act Release Nos. 38169 (January 14, 1997), 62 FR 3547 (January 23, 1997) (order approving File No. SR-CBOE-96-72) (increasing the maximum order size eligibility for interest rate options); 36601 (December 18, 1995), 60 FR 66817 (December 26, 1995) (order approving File No. SR-PHLX-95-39) (increasing the maximum execution order size eligibility for public customer orders for all equity and index options to 50 contracts); 33476 (January 13, 1994), 59 FR 3140 (January 20, 1994) (order approving File No. SR-

Rule 24.17A, RAES Operations in DJX, which will be the same for OEX except for the maximum contract size eligible for RAES. The maximum size for RAES in DJX will be up to 100 contracts, whereas the maximum size for OEX is 10 contracts. Similar to OEX, the Exchange will have the authority to choose which DJX series will be eligible for RAES.¹⁸

As a general rule, the Commission believes that customer limit orders in the limit order book should receive priority protection over other orders when the quoted market touches the limit order. Specifically, RAES orders generally should not be executed by market makers when customer limit orders are also price eligible to interact with the RAES orders. The Commission believes that exceptions to this principle are only appropriate in limited circumstances where it is unlikely that affected limit orders will receive an inferior execution. The Commission has previously approved CBOE rule changes that afforded such an exception in two highly liquid options classes, OEX index options and IMB equity options. After careful review, the Commission has determined that it is appropriate to allow DJX RAES orders to be automatically executed notwithstanding the possibility that customer limit orders could be priced identically to the prevailing disseminated best bid or offer. The Commission notes that it is basing this approval upon the fact that the Exchange expects DJX to be a heavily traded index product. As a result, it is anticipated that most limit orders will receive fair executions, particularly since CBOE Rule 6.45 ensures that no transaction can take place on the floor at a price equal to or better than the price of the booked order until the booked order has been filled. The Commission expects the Exchange to monitor the actual depth and liquidity of the DJCX trading floor and the treatment of customer orders on the limit order book that are traded behind RAES orders at the market.

The Commission also believes that increasing the number of DJX contracts eligible for RAES and to increase the firm quote requirement for DJX is consistent with the Act because options on the DJIA are approximately one-tenth the value of options on indexes underlying other broad-based indexes.¹⁹

¹⁸ The Commission requests that the CBOE distribute a Notice to Members discussing all RAES operations and policies that will apply to DJX. In addition, the Commission expects CBOE, in the near future, to codify RAES operations for OEX and DJX in manner similar to that for SPX.

¹⁹ The Commission notes that this reasoning applies to an option contract based upon one-one-

Therefore, increasing the RAES eligibility and firm quote requirements for DJX should enhance market maker obligations and commitments in these options, as well as help add depth and liquidity to the market for DJX. In addition, increasing the size of the RAES eligibility for DJX will provide the benefits of RAES execution to a larger number of customer orders and reduce the number of transactions to be executed manually on the floor, which could increase the efficiency of executing non-RAES orders.

The Commission believes it is consistent with the Act to amend the Minor Rule Plan fine amount for violations of the firm quote rule for both OEX and DJX because the amended fine schedule should still ensure adequate and effective enforcement of the firm quote program. The amended fine amount for third and fourth violations of the firm quote policy, which will be \$2500²⁰ is a reasonable amount in order to help deter non-compliance with the firm quote program, and there will now be mandatory referral to the BCC for any violations after the fourth violation. In addition, the Commission notes that the Exchange always has the authority to commence a full disciplinary proceeding under Exchange Rule 17.2 under its Minor Rule Plan program for any violation of the firm quote program, and that the CBOE stated that it will exercise this authority in egregious situations.²¹

The Commission finds good cause for approving the proposed rule change prior the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register**. The Commission believes that accelerated approval of the proposal is appropriate because it believes the proposed changes to the various trading rule should become effective prior to the day that the CBOE begins to trade options on the DJIA, in order to ensure that all rules applicable to trading DJIA options are in place prior to when such trading commences. In addition, the Commission has previously approved similar increases in the number of options contracts

hundredth of the DJIA and that the same reasoning would not apply if the COE were to start trading an options contract based upon one-tenth of the DJIA. The Commission expects the CBOE to reset the RAES eligible size and the firm quote limit accordingly for an options contract based on one-tenth of the DJIA.

²⁰ The current fine schedule for violations of the firm quote program for OEX states that the fine for third and subsequent violations is \$3000 to \$5000.

²¹ The Commission believes it is reasonable under the Act to amend Rule 8.16, RAES Eligibility in Equity Options, to indicate that it does not apply to DJIA options because DJX will now be covered by the RAES eligibility rule for OEX.

eligible for automatic execution on other options exchanges²² and has previously approved the almost identical firm quote program for OEX.²³ Finally, the Commission believes that the proposed rule change does not raise any significant regulatory issues.

It is therefore ordered, pursuant to Section 19(b)(2)²⁴ that the proposed rule change, as amended, is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²⁵

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39196; File No. SR-NASD-97-60]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the National Association of Securities Dealers, Inc., Relating to Trading Halts

October 3, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on August 20, 1997, the National Association of Securities Dealers, Inc. ("NASD") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, with Items have been prepared by the Nasdaq Stock Market, Inc. ("Nasdaq"). 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 is proposing to amend NASD Rule 4120 and IM-4120-1 to expand Nasdaq's trading halt authority and to clarify procedures for initiating certain trading halts. Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.

4120. Trading Halts

(a) Authority to Initiate Trading Halts

In circumstances in which [the Association] *Nasdaq* deems it necessary to protect investors and the public

²² See *supra* note 4.

²³ See *supra* note 5.

²⁴ 15 U.S.C. 78s(b)(2).

²⁵ 17 CFR 200.30-3(a)(12).