

of 42,250 burden hours. The staff estimates that each year new access persons each will expend 1 burden hour for the filing of an initial holdings report to be provided by persons who become access persons¹⁰ for a total of 4,895 burden hours. Finally, the staff estimates that 5,045 rule 17j-1 organizations each will expend 2 burden hours to maintain records of codes of ethics, records of violations of codes of ethics, reports by access persons, and issues and certification reports for a total of 10,090 burden hours.

The total annual burden of the rule's paperwork requirements therefore is estimated to be 74,570 hours. This estimate represents an increase of 25,470 hours from the prior estimate of 49,100 hours. The increase in burden hours is attributable to updated information about the number of affected portfolios and other entities, and to a more accurate calculation of the component parts of some information burdens.

These burden hour estimates are based upon the Commission staff's experience and discussions with the fund industry. The estimates of average burden hours are made solely for the purposes of the Paperwork Reduction Act. These estimates are not derived from a comprehensive or even a representative survey or study of the costs of Commission rules.

Written comments are invited on: (a) whether the collection of information is necessary for the proper performance of the functions of the Commission, including whether the information has practical utility; (b) the accuracy of the Commission's estimate of the burdens of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burdens of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in

average, would file one quarterly transaction report each year.

¹⁰ Based on conversations with the industry, the Commission estimates that, on average, rule 17j-1 organizations will have two new access persons each year. However, proposed rule 17j-1 would not require an access person to submit an initial holdings report if the access person has previously provided information equivalent to that which is required in the initial holdings report. Proposed rule 17j-1 also contains several other exceptions to filing initial holdings reports. The Commission therefore estimates after taking into consideration the number of respondents excluded from this requirement of the rule, that, on average, there will be 4,895 annual responses to this requirement.

writing within 60 days of this publication.

Please direct your written comments to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, Mail Stop 0-4, 450 5th Street, N.W., Washington, DC 20549.

Dated: July 6, 1998.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-18591 Filed 7-10-98; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following meeting during the week of July 13, 1998.

A closed meeting will be held on Thursday, July 16, 1998, at 11:00 a.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c) (4), (8), (9)(A) and (10) and 17 CFR 200.402(a) (4), (8), (9)(i) and (10), permit consideration of the scheduled matters at the closed meeting.

Commissioner Hunt, as duty officer, voted to consider the items listed for the closed meeting in a closed session.

The closed meeting scheduled for Thursday, July 16, 1998, at 11:00 a.m., will be:

Institution and settlement of injunctive actions.

Institution and settlement of administrative proceedings of an enforcement nature.

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 at (202) 942-7070.

Dated: July 9, 1998.

Jonathan G. Katz,

Secretary.

[FR Doc. 98-18677 Filed 7-9-98; 10:57 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40176; File No. SR-MSRB-98-9]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Municipal Securities Rulemaking Board Relating to Reports of Sales and Purchases, Pursuant to Rule G-14

July 7, 1998.

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 June 17, 1998, the Municipal Securities Rulemaking Board ("Board" or "MSRB") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Board. 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 Board is filing a proposed rule change to institute a service ("the Service") to provide daily reports from the Board's Transaction Reporting Program ("the Program") that will summarize information about customer and inter-dealer transactions in municipal securities reported to the Board under rule G-14. The Board is establishing a fee for an annual subscription to the Service of \$15,000. The proposed fee is structured to defray the Board's cost of disseminating the transaction data and to defray, in part, the cost of collecting and compiling transaction data that will be used in the Program. The Board does not expect or intend to make a profit from the Service.

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 Board 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 Board 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).

² 17 CFR 240.19b-4.

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

1. Purpose

The purpose of the Service is to increase transparency in the municipal securities market by adding information about transactions between dealers and customers ("customer transactions") to the information currently disseminated by the Program. Under the proposed rule change, aggregate data about market activity, and certain volume and price information about transactions in frequently traded securities, would be disseminated to promote investor confidence in the market and its pricing mechanism. The information provided by the Service would be a daily public report summarizing prices and volumes of trading in the municipal securities market during the previous day (the "Combined Daily Report"). The Combined Daily Report's format is a revision of the Board's currently produced Inter-Dealer Daily Report. Like the Inter-Dealer Daily Report, the Combined Daily Report will be made available by approximately 6:00 a.m. each business day, reporting on the previous day's market. Subscribers would transfer the report, in electronic form, from the Board's system to their own computer systems. A printed copy of the report would be available for examination, free of charge, in the Board's Public Access Facility in Alexandria, Virginia. These dissemination methods are the same as for the current Inter-Dealer Daily Report.

Previous Filings Regarding the Program. As discussed below, the Board has been operating a program for inter-dealer transaction reporting since 1995. Dealers are required to report their inter-dealer transactions to the Board under rule G-14. In 1996, the Board filed with the Commission an amendment to rule G-14 to require dealers to report their customer transactions in municipal securities to the Board in certain prescribed formats and a description of the changes to the inter-dealer transaction reporting program necessary to add customer transaction information.³ The 1996 filing provided for a period from July 1, 1997, to December 31, 1997, during which dealers would test their customer transaction reporting capabilities with the Board. The Commission approved this amendment and plan, with the amendments to rule G-14 ultimately

becoming effective March 1, 1998.⁴ In March 1998, the Board filed with the Commission its intention to release samples of the Combined Daily Report for public comment and to make the Report available on an operational basis in the third quarter of 1998.⁵

Background and Description of the Program. Since 1995, rule G-14 has required brokers, dealers and municipal securities dealers ("dealers") to report to the board their inter-dealer transactions in municipal securities via the automated comparison system for municipal securities operated by National Securities Clearing Corporation ("NSCC"). The Board has used this information to create a database of transaction information that can be used for market surveillance purposes and for inspection and enforcement by agencies and organizations charged with enforcement of Board rules. The Board also uses the reported transaction information to create the Inter-Dealer Daily Report, which is used by market participants to help gauge the value of municipal securities. The Board currently has eight subscribers to the Inter-Dealer Daily Report. Most of these are information vendors that redistribute the information to their own subscribers and/or use the information in various securities valuation products that they market.⁶

Customer trades have been reported by dealers to the Board under rule G-14 since March 1, 1998. Both customer and inter-dealer transactions must be reported by midnight of trade date. Although different mechanisms are used for reporting the two types of trades, the Board's computerized Transaction Processing System ("TRS") will merge the reported trade data to produce the Combined Daily Report and the surveillance database.

The criteria for including municipal securities information on the proposed Combined Daily Report will be the same as that described in the Board's March 1998 filing to produce sample daily reports. These are essentially the same as the criteria for the current Inter-Dealer Daily Report. If a municipal security (identified by its CUSIP number) is reported, in compliance with rule G-14, as having been traded four or

more times on a given day, then the high, low, and average price and total par value of all the reported trades in that security will be on the Daily Report the next morning. The average price will be calculated as the arithmetic mean of reported transaction prices of those trades between \$100,000 and \$1,000,000 in par value. This reporting band is meant to exclude odd lots and very large trades from the average price. In applying these criteria, inter-dealer and customer transactions will be considered together. This means that any combination of inter-dealer and customer transactions totaling four or more in one CUSIP will trigger the inclusion of price information in the Combined Daily Report.

The Board expects to make the Combined Daily Report Service available during the third quarter of 1998, and will file with the Commission, in advance, an exact date for beginning operation. In addition to the Combined Daily Report Service, the Board also will use the data reported by dealers under rule G-14 to create a surveillance database available to regulatory agencies and organizations responsible for enforcement of Board rules. The surveillance database will not be available to regulators until early 1999.

Methods for Reporting Transaction Reporting Data. Since 1995, inter-dealer transactions have been reported to the Board by dealers each night through the NSCC automated comparison system. This reporting mechanism is convenient for dealers, since most of the trade data that must be reported to the Board has to be reported to NSCC in any event, for clearance and settlement purposes. The automated comparison system processes the transaction data to determine, among other things, whether both parties to each trade have agreed to certain details (e.g., CUSIP number, par amount, final monies required for settlement).⁷ Each night, the automated comparison system provides electronic files to the TRS that include trade information reported by dealers, plus an indication for each trade whether it was successfully "compared" as to its reported details.

Customer transactions have been reported to the Board each night by dealers since March 1, 1998 in accordance with the rule G-14 amendment that became effective on that date, requiring dealers to generate

⁴ Exchange Act Release No. 37998 (Nov. 29, 1996), 61 FR 64782 (Dec. 6, 1996) (approved of amendment to rule G-14); Exchange Act Release No. 39495 (Dec. 29, 1997), 63 FR 585 (Jan. 6, 1998) (delay of effectiveness to March 1, 1998).

⁵ Exchange Act Release No. 39835 (Apr. 7, 1998), 63 FR 18242 (Apr. 14, 1998).

⁶ The current subscribers are Bloomberg Financial Markets, Chapdelaine & Company, Dow Jones Telerate, Interactive Data Corp., J. J. Kenny Co., Inc., Muller Data Corp., Smith Barney, Inc., and TradeHistory, LLC.

⁷ NSCC procedures provide an exception for transactions involving the distribution of new issue securities from a syndicate manager to syndicate members, wherein only the syndicate manager submits information to the automated comparison system.

³ Exchange Act Release No. 37859 (Oct. 23, 1996), 61 FR 56072 (Oct. 30, 1996).

a file of required information, in a format specified by the Board, and transmit the file electronically to the TRS. For most high-volume dealers, the first step in file transmission is to send the trade file over existing "computer-to-computer" connections between their computer systems and the NSCC. In the second step, NSCC forwards these files to the Board without any processing of the trade data. Some dealers, especially those with low volumes of customer trades who do not have electronic connections to NSCC, submit customer transaction files directly to the Board by means of personal computer software provided free by the Board.

Correction of Data Submitted by Dealers. Corrections to inter-dealer trade information are made by dealers according to NSCC procedures, and, after processing, corrected data is provided by the comparison system to the TRS. Regarding customer trade data, the TRS sends messages to dealers, electronically or by facsimile, acknowledging receipt of a day's file and identifying records that appear to be in error. Dealers submit corrections using a methods similar to that for repairing trades. A dealer may also "cancel" a trade record if this is necessary to reflect cancellation of the trade by the parties or to remove erroneous information submitted to the system.

Description of the Combined Daily Report. Once all transaction information for a business day has been received; the TRS generates the Combined Daily Report. As noted, both inter-dealer and customer trades are counted to determine whether an issue (CUSIP number) was traded four or more times. Based upon transaction data reported to the Board in March, April and May 1998, it appears that approximately one thousand issues will be traded four or more times on a typical day.

The Combined Daily Report includes summary information describing the day's market in municipal securities. The summary covers all municipal securities trades, regardless of frequency of trading. The average daily market statistics during the week of March 30, 1998 were:

Total par amount traded: \$8.6 billion
Total number of trades reported: 22,199
Total number of issues traded: 11,499
Number of issues traded four or more times: 1,025

The following data elements of each issue would be published in the Combined Daily Report.

CUSIP number: The CUSIP number that identifies the issue.

Security description: A short description of the issue that was traded.

Number of trades: The total number of trades in the issue (both inter-dealer and customer) that were reported to the MSRB.

Volume traded: The total dollar value of all trades in the issue on the trade date.

High price: The highest price of all trades in the issue.

Low price: The lowest price of all trades in the issue.

Average price: The arithmetic mean of all trades whose par values were between \$100,000 and \$1,000,000.

Trades in average: The number of trades whose par values were between \$100,000 and \$1,000,000.

When issued: If "yes," indicates that the issue was traded while in "when, as, and if issued" status.

Assumed settlement date: In some cases, it is necessary to assume a settlement date to calculate price from yield for inclusion of the price in the Daily Report. The assumed settlement date for both inter-dealer and customer trades will be 15 business days after the trade date (T+15). When it has been necessary to assume a settlement date, this date will be shown on the Daily Report.

Review Process for Customer Transaction Data Used in Combined Daily Report. Customer transaction records submitted by dealers are reviewed automatically as part of data processing within the Transaction Reporting System. Trade records are excluded from eligibility for the Combined Daily Report if: (i) the trade date reported in the record is for a day other than the day being reported in the Daily Report; (ii) the trade record or the file containing the trade record is not in the required format or otherwise violates stated system input requirements;⁸ (iii) the submitter of the file has not filed with the Board the required information to identify itself; (iv) the trade record contains a dealer identifier that is unknown to the Board;⁹ (v) the information contained in the trade record is so substantially outside expected parameters that an input error is suspected; (vi) the CUSIP

⁸ Format requirements and input procedures are described in "Board to Proceed with Customer Transaction Reporting Program: Rule G-14" (MSRB Reports, Vol. 16, No. 3 (September 1996) at 3-16). This document, along with explanatory questions and answers and the latest information on the Program, can be found on the Board's World Wide Web site (www.msrb.org).

⁹ To identify dealers, the Board uses symbols assigned to dealers by the NASD. Dealers are required to obtain a valid symbol under rule G-14(b)(iii). The transaction reporting procedures contained within rule G-14 also require that each dealer effecting customer transactions provide the Board with certain contact information and testing-related information.

number submitted is not known to be a valid CUSIP number for a municipal securities issue;¹⁰ or (vii) the trade record contains no dollar price and a dollar price cannot be calculated from the reported yield on the transaction using the Board's available data about the security and standard yield-to-price calculation techniques for securities with periodic interest payments and with more than six months to redemption, contained in Board rule G-33(b)(i)(B)(2).¹¹

2. Basis

The Board believes the proposed rule change is consistent with Section 15B(b)(2)(C) of the Act,¹² which requires, in pertinent part, that the Board's rules "be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating . . . transactions in municipal securities, to remove impediments to and perfect the mechanism of a free and open market in municipal securities, and, in general, to protect investors and the public interest."

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

The Board does not believe that the proposed rule change will impose any burden on competition in that it applies equally to all dealers in municipal securities.

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

The 1995 and 1996 Requests for Comments

The Board published a notice in February 1995,¹³ requesting comment on a plan to collect and report information about transactions between dealers and institutional customers, and in January 1996 published a revised plan¹⁴ to collect information about all

¹⁰ The Board currently receives updated information on municipal securities CUSIP numbers each day from the CUSIP Service Bureau and J.J. Kenny Co., Inc.

¹¹ The current software used for calculation is provided by TIPS, Inc. The securities information used to calculate price from yield currently is provided by J.J. Kenny Co., Inc.

¹² 15 U.S.C. 78o-4(b)(2)(C).

¹³ "Transaction Reporting Program for Municipal Securities: Phase II," MSRB Reports, Vol. 15, No. 1 (April 1995) at 11-15.

¹⁴ "Reporting Customer Transactions in Municipal Securities: Rule G-14," MSRB Reports, Vol. 16, No. 1 (January 1996) at 15-18, and "Customer Transaction Reporting: Proposed Technical Specifications and Request for Comment," *ibid.* at 19-22.

customer transactions. The Board received a number of comments in response. The comments were provided to the Commission and addressed by the Board in an August 1996 filing.¹⁵ Some commentators suggested reporting individual transactions,¹⁶ while others suggested combining data from all trades falling within a given par value range.¹⁷ One commentator suggested combining prices and volumes for inter-dealer and customer trades for public reporting,¹⁸ and another suggested identifying retail prices as such.¹⁹ It was also suggested that trades be summarized by par value in four categories (\$5,000 to \$45,000, \$50,000 to \$95,000, \$100,000 to \$1,000,000, and over \$1,000,000).²⁰ In considering various possible formats for the report, the Board decided that it would serve the purpose of simplicity, and aid users in comparing the new and old reports, to make the Combined Report's format the same as that of the Inter-Dealer Report, which has been in use for over three years. If experience with the Combined Daily Report indicates revisions are needed, the Board will revise the format to ensure that the Program will continue to provide market transparency to market participants.

The 1998 Request for Comments

In April 1998, the Board released samples of the Combined Daily Report for comment.²¹ In response, comments were received from Bloomberg L.P.,²² and TradeHistory, LLC.²³ One commentator²⁴ requested that the Board continue to publish the Inter-Dealer Daily Report after commencing publication of the Combined Daily Report. The proposed Service would make no change to the publication of the Inter-Dealer Daily Report.²⁵ The

other commentator²⁶ requested that the Board add "filler" (blank) fields in the new format to make the format of the electronic Combined Daily Report compatible with its programs that process the electronic Inter-Dealer Daily Report. This change has been made and would be part of the proposed Service.

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

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and published its reasons for so finding or (ii) as to which the MSRB consents, the Commission will:

- (A) By order approve such proposed rule change, or
- (B) Institute proceedings to determine whether the proposed rule change should be disapproved.

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, 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 in the Commission's Public Reference Room, 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 MSRB. All submissions should refer to File No. SR-MSRB-98-9 and should be submitted by August 3, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²⁷

transactions in municipal securities in a service whose annual fee will remain unchanged at \$15,000. The Board has chosen to make the price of the proposed Service the same as the price of the existing Inter-Dealer Service.

²⁶ Bloomberg.

²⁷ 17 CFR 200.30-3(a)(12).

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-18590 Filed 7-10-98; 8:45 am]

BILLING CODE 8010-01-M

TENNESSEE VALLEY AUTHORITY

Sunshine Act Meeting

TIME AND DATE: 9 a.m. (EDT), July 15, 1998.

PLACE: East Tennessee State University, D.P. Culp University Center Ballroom Left, Southwest Boundary Road, Johnson City, Tennessee.

STATUS: Open.

Agenda

Approval of minutes of meeting held on June 18, 1998.

New Business

B—Purchase Award

B1. Contract with CEC Alstom to design, manufacture, and install high-pressure turbine capacity upgrades for Bull Run, Paradise, and Widows Creek Fossil Plants.

B2. Contract with ABB Power Generation to design, manufacture, and install high-pressure turbine capacity upgrades for Cumberland Fossil Plant.

E—Real Property Transactions

E1. Nineteen-year commercial recreation lease of the May Springs Recreation Area to Claudia Ann Holbrook, d/b/a as Greenlee Campground, R.V. & Marine, affecting approximately 104 acres of lands on Cherokee Lake in Grainger County, Tennessee (Tract No. XCK-580L).

E2. Nineteen-year commercial recreation lease to John Cooper and Greg Yarbrough affecting 10.78 acres of land on Guntersville Lake, Jackson County, Alabama (Tract No. XGR-748L), for development of Wood Yard Marina and amendment of the Guntersville Reservoir Land Management Plan (Tract No. XGR-105PT) to change the allocated use from barge terminal to commercial recreation.

E3. Sale of a permanent easement to D.L. Hutson for a road, affecting 0.5 acre of land on Norris Lake in Campbell County, Tennessee (Tract No. XNR-904H).

F—Unclassified

F1. Contract with Zurich—American Insurance Group for Workers' Compensation employer's liability, and general liability insurance for the owner-controlled insurance program.

¹⁵ Exchange Act Release No. 37859 (Oct. 23, 1996), 61 FR 56072 (Oct. 30, 1996).

¹⁶ Letter from Ron Moore, Applied Financial Management, Inc., to Larry M. Lawrence, MSRB, May 22, 1995, and letter from Glenn Burnett, Zia Corporation, to Larry M. Lawrence, July 2, 1996.

¹⁷ Letter from George Brakatselos, Public Securities Association (PSA), to Larry M. Lawrence, MSRB, May 2, 1996.

¹⁸ PSA.

¹⁹ Zia.

²⁰ PSA.

²¹ Exchange Act Release No. 39835 (Apr. 7, 1998), 63 FR 18242 (Apr. 14, 1998). The Board also made the sample reports available via the Internet at its Web site (www.msrb.org).

²² Letter from John Loza, Bloomberg L.P., to Harold L. Johnson, MSRB (April 20, 1998).

²³ Electronic mail from Bruce Hechler, TradeHistory, LLC, to Thomas A. Hutton, (May 4, 1998).

²⁴ TradeHistory.

²⁵ The Board will continue to provide, as it has since January 1995, daily reports of inter-dealer