

general, to protect investors and the public interest.

The Commission believes that the proposal to add the functionality to the MAX System to automatically stop unexecuted market orders and marketable limit orders will provide investors additional benefits. First, specialists will now have the ability to automatically stop marketable limit order which provides investors with improved opportunities for price improvement on these orders. Second, investors trading in Dual Trading System issues will be provided with more certainty as to the status of their orders because the auto-stop feature results in a message being sent to the order sending firm notifying that firm that the order has been stopped.<sup>21</sup> Third, investors may receive improved executions on their orders because, once auto-stopped, the entire order (up to 599 shares) in Dual Trading System issues will now be guaranteed an execution at the stopped price, regardless of whether it is an eligible professional market order or an order greater than the size of the ITS BBO.

The Commission believes that the proposed 30 second "pending auto-stop" period prior to the order being automatically stopped was designed to provide specialists with an opportunity to determine the best course for the order, consistent with best execution principles, whether that be executing the order, manually stopping the order, canceling the order, or putting the order on hold.<sup>22</sup> The Commission, however, expects the Exchange, as it gains experience with the auto-stop feature, to review whether the "pending auto-stop" period should be less than 30 seconds. In addition, the Commission anticipates that the Exchange will surveil to determine that specialists are not eluding the auto-stop feature, and thereby the benefits to investors, by routinely putting orders on hold or canceling them.

#### IV. Conclusion

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange. In addition, in approving this rule, the Commission notes that it has also considered the proposed rule's impact on efficiency, competition, and capital formation.<sup>23</sup>

<sup>21</sup> The stopped price will be the price at the time the order was received in the MAX System, consistent with CHX Rules for stopped orders.

<sup>22</sup> If an order is "put on hold," the existing CHX Rules on order handling apply.

<sup>23</sup> 15 U.S.C. 78c(f).

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>24</sup> that the proposed rule change (CHX-98-01) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>25</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40195; File No. SR-MSRB-98-7]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Municipal Securities Rulemaking Board Relating to Fee for Backlog Document Collection of its Official Statement/Advance Refunding Document Subsystem of the Municipal Securities Information Library

July 13, 1998.

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 June 16, 1998, the Municipal Securities Rulemaking Board ("Board" or "MSRB") filed with the Securities and Exchange Commission ("Commission") a proposed rule change is described in Items I, II, 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 herewith a proposed rule change to change certain fees relating to the operation of its Official Statement/Advance Refunding Document ("OS/ARD") subsystem of the Municipal Securities Information Library® ("MSIL®") system.<sup>3</sup> The Board is establishing a price of \$8,000 (plus delivery or postage charges) of each of its annual "backlog" collections of

official statements and refunding documents.

#### 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 texts of these statements may be examined at the places specified in Item IV below. The U.S. has prepared summaries, set forth in Section 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 Purposed Rule Change

###### 1. Purpose

The OS/ARD subsystem is a central electronic facility through which information collected and stored pursuant to MSRB Rule G-36 is made available electronically and in paper form to market participants and information vendors.<sup>4</sup> The annual subscription fee for daily electronic images of current year documents from the OS/ARD system currently is \$14,000.<sup>5</sup> The fees for backlog document collections are substantially less than fees for an annual subscription because an annual subscription requires the Board to send electronic media to the subscriber each business day, but a backlog collection requires fewer resources.<sup>6</sup>

As of January 1, 1998, the Board terminated its contract with its imaging contractor and began operating the Board's own imaging subsystem. Part of this change was to begin storing OS/ARD images on CD-ROM instead of

<sup>4</sup> Rule G-36 requires underwriters to provide copies of final official statements and advance refunding documents within certain specified time frames for most new issues issued since January 1, 1990.

<sup>5</sup> Securities Exchange Act Release No. 37361 (June 25, 1996), 61 FR 34463 (July 2, 1996).

<sup>6</sup> The backlog fee plus delivery costs for 1996 is \$7,000; 1995 is \$9,000; 1994 is \$7,000; 1993 is \$9,000; 1992 is \$7,000; 1991 is \$8,000; 1990 is \$6,000. See Securities Exchange Act Release No. 38694 (May 29, 1997), 62 FR 30919 (June 5, 1997) (1996 fee); Securities Exchange Act Release No. 37361 (June 25, 1996), 61 FR 34463 (July 2, 1996) (1995 fee); Securities Exchange Act Release No. 35848 (June 14, 1995), 60 FR 32187 (June 20, 1995) (1994 fee); Securities Exchange Act Release No. 34602 (Aug. 25, 1994), 59 FR 45319 (Sept. 1, 1994) (1993 and 1991 fees); and Securities Exchange Act Release No. 32482 (June 16, 1993), 58 FR 34115 (June 23, 1993) (1992 and 1990 fees). The fees for the backlog collections vary based on the number of documents received and processed in any given year.

<sup>24</sup> 15 U.S.C. 78s(b)(2).

<sup>25</sup> 15 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1) (1994).

<sup>2</sup> 17 CFR 240.19b-4 (1997).

<sup>3</sup> Municipal Securities Information Library and MSIL are registered trademarks of the Board. The MSIL® system, which was approved in Securities Exchange Act Release No. 29298 (June 13, 1991), 56 FR 28194 (June 19, 1991), is a central facility through which information about municipal securities is collected, stored and disseminated.

magneto-optical disk or digital audio tape (DAT). This change in media has made the cost of selling annual backlog collections more even. Thus, the Board is establishing a price of \$8,000 (plus delivery or postage charges) for each annual backlog collection.<sup>7</sup>

In its prior filings with the Commission, the Board stated that it intends to use its general revenues to help fund collecting, indexing and storing the OS/ARD subsystem's documents. However, the Board stated its intention that the costs of producing paper and electronic copies would be completely covered by user fees.<sup>8</sup> The Board is changing the fees for the annual backlog collections to defray its cost of disseminating the electronic collections in a manner that reflects the change in cost to the Board resulting from the use of new media and in-house imaging. This is consistent with the Commission's policy that self-regulatory organizations' fees be based on expenses incurred in providing information to the public. The Board believes that employing cost-based prices is in the public interest since it will ensure that a complete collection of vital information will be available, at fair and responsible prices, for the life of the municipal securities.

## 2. Statutory Basis

The Board believes the proposed rule change is consistent with Section 15B(b)(2)(C) of the Act,<sup>9</sup> 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, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities, to remove impediments to and perfect the mechanism of free and open market in municipal securities, and, in general, to protect investors and the public interest.

The MSIL<sup>®</sup> system is designed to increase the integrity and efficiency of the municipal securities market by, among other things, helping to ensure that the price charged for an issue in the secondary market reflects all available official information about that issue. The Board believes the new annual backlog fee is fair and reasonable in light of the costs associated with disseminating the information and the

services provided by the MSIL<sup>®</sup> system are available on reasonable and nondiscriminatory terms to any interested person.

### *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 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

The rule change became effective on June 16, 1998, pursuant to Section 19(b)(3)(A)(ii) of the Act,<sup>10</sup> because the proposal establishes a fee. At any time within sixty 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.

## 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.<sup>11</sup> 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. Copies of the filing will also be available for inspection and copying at the Board's principal offices. All

submissions should refer to File No. SR-MSRB-98-7 and should be submitted by August 10, 1998.

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

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

[FR Doc. 98-19181 Filed 7-17-98; 8:45 am]

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## SMALL BUSINESS ADMINISTRATION

### Public Meeting

**AGENCY:** Small Business Administration.

**ACTION:** Notice of a Public Meeting on multi-Lender securitizations of the unguaranteed portion of SBA loans made under Section 7(a) of the Small Business Act.

**SUMMARY:** SBA is modifying its Interim Final Rule regarding financing and securitizing the unguaranteed portions of loans made under Section 7(a) of the Small Business Act. In its proposed rule, published May 18, 1998, SBA specifically sought comments during the 60-day comment period to assist in developing a proposal for multi-Lender securitizations. (See 63 FR 27219) Before developing such a proposal, SBA will hold a public meeting to gather a broad spectrum of ideas. Neither this meeting nor any written suggestions received after July 17, 1998, will be part of the record for the proposed rule published on May 18th.

**DATES:** July 30, 1998, 2 p.m. to 5 p.m.

**ADDRESSES:** Eisenhower Conference Room, U.S. Small Business Administration, 409 3rd Street, S.W., Washington, D.C. 20416.

**FOR FURTHER INFORMATION CONTACT:** James W. Hammersley, Director, Secondary Market Sales, (202) 205-7505.

**SUPPLEMENTARY INFORMATION:** SBA posed several questions relating to multi-Lender securitizations in its May 18th Notice of Proposed Rulemaking. (See 63 FR 27219) In addition to those questions, SBA would like attendees to consider the following issues:

(1) What are the possible ways for a lender to retain an economic interest when securitizing through a multi-Lender structure?

(2) How can SBA connect the performance of securitizing lenders to the required retained economic interest in a multi-Lender structure?

(3) How should SBA manage the participation in the Preferred Lender

<sup>7</sup> This price would apply to all prior backlog collections as well as the annual backlog collection for 1997 and future annual backlog collections. Telephone conversation with Ernesto A. Lanza, Assistant General Counsel, Board, and Karl Varner, Attorney, SEC, on July 2, 1998.

<sup>8</sup> Securities Exchange Act Release No. 28197 (July 12, 1990), 55 FR 29436 (July 19, 1990).

<sup>9</sup> 15 U.S.C. 78o(b)(2)(C).

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

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

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