

and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to an perfect the mechanisms of a free and open market and a national market system and in general to protect investors and the public interest.¹⁵ Section 15A(b)(11) empowers the NASD to adopt rules governing the form and content of quotations relating to securities in the Nasdaq market.¹⁶ Such rules must be designed to produce fair and informative quotations, prevent fictitious or misleading quotations, and promote orderly procedures for collecting, distributing, and publishing quotations. Section 11A(a)(1)(C) provides that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to, among other things, assure the economically efficient execution of securities transactions and the availability to brokers, dealers, and investors of information with respect to quotations for and transactions in securities, and to assure fair competition among brokers and dealers.¹⁷

Specifically, the reserved size proposal is consistent with Sections 11A(a)(1)(C) and 15A(b)(6). This proposal helps to ensure that members meet their best execution obligations and discourages piecemeal executions, which may be economically inefficient and costly to the customer. Thus, the proposal promotes just and equitable principles of trade and the protection of investors and the public interest. Additionally, the rule helps remove impediments to and perfect the mechanism of a free and open market, and ensures economically efficient executions by discouraging piecemeal executions of large orders.

The proposal to require members to provide Nasdaq staff with information and the amendments to NASD Rule 4613(e) are consistent with Sections 15A(b)(6) and 11A(a)(1)(C). By requiring market makers and ECNs to avoid locks and crosses on the market's opening and to provide Nasdaq staff with information necessary to administer NASD and SEC rules, these proposed rules foster cooperation and coordination with members. These two proposals also ensure the fair and orderly operation of Nasdaq, as they clearly delineate the obligations regarding the entry of quotations that lock/cross the market at the opening and permit staff to gather information

necessary to administer particular rules or to discharge particular departmental duties.

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

Within 35 days 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 publishes its reasons for so finding or (ii) as to which the NASD 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. Solicitations 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. 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-98-01 and should be submitted by August 14, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁸

Jonathan G. Katz,

Secretary.

[FR Doc. 98-19807 Filed 7-23-98; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40224; File No. SR-NSCC-98-2]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Allowing Users of NSCC's Mutual Fund Services ("MFS") Access to Annuity Processing Services ("APS") and to Allow Users of APS Access to MFS

July 16, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on March 12, 1998, the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change and on March 26, 1998, amended the proposed rule change as described in Items I and II below, which items have been prepared primarily by NSCC. The Commission is publishing this notice and order to solicit comments from interested persons and to grant accelerated approval of the proposed rule change.

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

The proposed rule change amends NSCC's rules to allow users of NSCC's Mutual Fund Services ("MFS") access to Annuity Processing Services ("APS") and to allow users of APS access to MFS.

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

In its filing with the Commission, NSCC 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. NSCC has prepared summaries, set forth in sections (A), (B),

¹⁵ 15 U.S.C. 78o-3(b)(6).

¹⁶ 15 U.S.C. 78o-3(b)(11).

¹⁷ 15 U.S.C. 78k-1(a)(1)(C).

¹⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

and (C) below, of the most significant aspects of such statements.²

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

The purpose of the proposed rule change is to give users of NSCC's MFS, currently restricted to use by MFS members, access to APS and to give users of APS, currently restricted to use by APS members, the ability to use MFS. Specifically, shared access to MFS and APS will be achieved by combining categories of Annuities Agency Members and Mutual Fund Service Members into a new category to be known as Mutual Fund/Annuity Services Members. No changes are being made to the financial or operational requirements for MFS members or APS members.

The proposed rule change will also permit an Insurance Entity, which may become an APS member but not a MFS member under the present rules, to become a Mutual Fund/Annuity Services Member.

Currently, participants who are MFS members or Fund Members are not permitted to use any NSCC service other than MFS. Similarly, participants who are Annuities Agency Members or Annuities Carrier Members are not allowed to use any NSCC service other than APS. According to NSCC, there is no reason not to permit these participants to use either or both services. The membership criteria for these two categories of membership, (as set forth in Addendum B of NSCC's Rules) are identical.

Because the proposed rule change merely combines different membership types into one, no changes are being made with respect to the clearing fund requirements related to the use of MFS or APS. There will continue to be no clearing fund requirement relating to the use of APS. Mutual Fund/Annuities Service Members that use MFS will continue to be required to deposit the appropriate amount of clearing fund.

The following is a detailed description of the changes made to NSCC's Rules and Procedures

Rule 1: (Definitions)

A new definition entitled "Insurance Entity" is added. This term is substituted in NSCC's Rules where a lengthy phrase, which is not the definition of Insurance Entity, was previously used in the text of the Rules.³

² The Commission has modified the text of the summaries prepared by NSCC.

³ The term Insurance Entity is defined using language that is currently in NSCC's Rules as "an

The defined terms "Annuities Agency Member" and "Mutual Fund Services Member" are deleted and are replaced with the new defined term "Mutual Fund/Annuity Services Member." The definition of "Mutual Fund/Annuity Services Member" is a combination of the old definitions of annuities Agency Member and Mutual Fund Services Member. A footnote is added to the definition of "Mutual Fund/Annuity Services Member" to inform members that this category of membership replaces both the "Annuities Agency Member" category and "Mutual Fund Services member" category.

Rule 2: (Members)

The language of Sections (iv) and (vi) of Section 1 are replaced with the new defined term "Insurance Entity." The inclusion of a limited liability corporation as a type of entity which can apply for membership is added to Section 1 to make it consistent with the preface to such Section. The paragraphs relating to applicants whose use of NSCC's service is limited to MFS and APS are combined into one paragraph. Section 2(i) is revised to reflect that the Membership Agreement which will be entered into by "Mutual Fund/Annuity Services Members" will appropriately restrict their use of NSCC's services to MFS and/or APS.

Rule 4: (Clearing Fund)

Conforming changes relating to the new defined terms are made.

Rule 15: (Financial Responsibility and Operational Capability)

Previously, Annuities Agency Members were required by Section 2(a) to submit to NSCC certain reports filed with state insurance departments. This requirement is now being imposed on Mutual Fund/Annuities Services Members that use APS. Conforming changes relating to the new defined terms are made to Section 2(b).

Rule 29: (Qualified Securities Depositories)

The proposed rule change makes conforming changes relating to the new defined terms.

Rule 51: (Fund Member)

The proposed rule change adds a footnote to Section 2(a) clarifying that Fund Members are not precluded from applying to become an Annuities Carrier

insurance company, partnership, corporation, limited liability corporation or other organization, entity or person who is licensed to sell insurance products and is subject to supervision or regulation pursuant to the provisions of state insurance law."

Member or Mutual Fund/Annuity Services Member.

Rule 52: (Mutual Fund Services)

The proposed rule change deletes the reference to MFS Member because the term "Member", by definition, includes MFS Member, now known as "Mutual Fund/Annuities Service Member."

Rule 56: (Annuities Carrier Member)

A footnote was added to Section 2(a) clarifying that Annuities Carrier Members are not precluded from applying to become a Fund Member or Mutual Fund/Annuity Services Member.

Rule 57: (APS—Commissions and Charge Backs)

The reference to Annuities Agency Members in Section 3(f) is replaced with "Members," which by definition includes Mutual Fund/Annuity Services Members.

Procedure XV: (Clearing Fund Formula and Other Matters)

The clearing fund formula for users of MFS, is revised to refer to those Mutual Fund/Annuity Services Members that use MFS. The proposed rule change revises footnote 2 to clarify that Section A.I.(b) only applies to entities whose use of NSCC's services is restricted to MFS and/or APS. The proposed rule change makes conforming changes relating to the new defined terms in Section A.III. Section A.IV. is revised to reflect that, as was the case with Annuities Agency Members, those Mutual Fund/Annuity Services Members that use only APS are not subject to a clearing fund requirement.

Addendum B—(Standards of Financial Responsibility and Operational Capability)

Previously, section B.4 covered applicants whose use of NSCC's services was limited to MFS, and Section B.5 covered applicants whose use of NSCC's services was limited to APS. Because these sections currently contain identical requirements, they are combined into Section B.4. Accordingly, Section B.5. is deleted, and Section B.6. is renumbered. Section I is revised to refer to the new defined term of Mutual Fund/Annuity Services Members. Section J previously prescribed the information required to be filed by Mutual Fund Services Members and Section K previously prescribed the information required to be filed by Annuities Agency Members. Because there is now one membership category, these sections are combined in Section J, with appropriate technical changes,

and section K is deleted. Section II.F has been revised to refer to the new defined term of Mutual Fund/Annuity Services Members.

Addendum F—(Statement of Policy in Relation to Same Day Funds Settlement)

Section II is revised to refer to the new defined term of Mutual Fund/Annuity Services Members.

Addendum I—(Standards of Financial Responsibility and Operational Capability for Fund Members)

The lead-in to this Addendum and the lead-in to Section I.A. are revised to clarify that this addendum pertains to Fund Members.

Addendum Q—(Standards of Financial Responsibility and Operational Capability for Annuities Carrier Members)

The lead-in to Section II is modified to clarify that the prescribed information must be furnished by applicants, in addition to current Annuities Carrier Members. Additional modifications which conform to insurance industry terminology are made.

NSCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder because it provides for the equitable allocation of dues, fees, and other charges among NSCC's members.

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

NSCC does not believe that the proposed rule change will impact or impose a 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 have been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

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

Section 17A(b)(3)(F) of the Act requires that the rules of a clearing agency be designed to remove impediments to and perfect the mechanisms of a national system for the prompt and accurate clearance and settlement of securities transactions.⁴ The Commission believes that the rule change is consistent with this obligation because the proposal will reduce the

number of memberships an entity would need to have in order to use MFS and APS. Because the requirements for these membership categories are identical, it is duplicative to require participants to obtain two separate memberships to use these services. Therefore, combining the membership categories promote efficiencies and helps promote the development of the national clearance and settlement system.

NSCC has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after publication of the notice of filing. The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after publication of the notice of filing because accelerated approval will permit NSCC to make the Mutual Fund/Annuity Services membership category available immediately. Thus, NSCC will be able to reduce the current administrative burdens on both itself and on its participants.

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. 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 Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing also will be available for inspection and copying at the principal office of NSCC. All submissions should refer to File No. SR-NSCC-98-2 and should be submitted by August 14, 1998.

It is therefore, ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-NSCC-98-2) be and hereby is approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

Jonathan G. Katz,
Secretary.

[FR Doc. 98-19752 Filed 7-23-98; 8:45 am]

BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION

Reporting and Recordkeeping Requirements Under OMB Review

AGENCY: Small Business Administration.

ACTION: Notice of Reporting Requirements Submitted for OMB Review.

SUMMARY: Under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35), agencies are required to submit proposed reporting and recordkeeping requirements to OMB for review and approval, and to publish a notice in the **Federal Register** notifying the public that the agency has made such a submission.

DATES: Submit comments on or before August 24, 1998. If you intend to comment but cannot prepare comments promptly, please advise the OMB Reviewer and the Agency Clearance Officer before the deadline.

COPIES: Request for clearance (OMB 83-1), supporting statement, and other documents submitted to OMB for review may be obtained from the Agency Clearance Officer.

ADDRESSES: Address all comments concerning this notice to: *Agency Clearance Officer*, Jacqueline White, Small Business Administration, 409 3rd Street, S.W., 5th Floor, Washington, D.C. 20416; and *OMB Reviewer*, Victoria Wassmer, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, D.C. 20503.

FOR FURTHER INFORMATION CONTACT: Jacqueline White, Agency Clearance Officer, (202) 205-6629.

SUPPLEMENTARY INFORMATION:

Title: 8(a) Export Survey Initiative.
Form No.: 2068.

Frequency: New Collection.
Description of Respondents: 8(a) Firms.

Annual Responses: 200.
Annual Burden: 33.

Dated: July 20, 1998.

Jacqueline White,
Chief, Administrative Information Branch.

[FR Doc. 98-19856 Filed 7-23-98; 8:45 am]

BILLING CODE 8025-01-P

⁴ 15 U.S.C. 78q-1(b)(3)(F).

⁵ 17 CFR 200.30-3(a)(12).