

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40339; File No. SR-NASD-98-56]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to Amendment to Composition of NASD Board To Include Members of New Amex LLC and for Other Purposes

August 19, 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 August 10, 1998, 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, which Items have been prepared by the NASD. The proposal was subsequently amended on August 18, 1998.³ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The NASD is proposing to amend the By-Laws of the National Association of Securities Dealers, Inc. ("NASD" or "Association") to reserve one NASD Board of Governors ("Board") position for a person representing a NASD member firm having not more than 150 registered persons; reserve two Board positions for the Chief Executive Officer and one Floor Governor of New Amex LLC; and make other clarifying amendments, including the addition of certain definitions. Clarifying amendments and definitions are also proposed to be added to the By-Laws of NASD Regulation, Inc. ("NASD Regulation") and The Nasdaq Stock Market, Inc. ("Nasdaq").

Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.

Proposed Changes to NASD By-Laws ARTICLE I

Definitions

(n) "Industry Director" means a Director of the NASD Regulation Board or Nasdaq Board (excluding the Presidents) who: (1) is or has served in the prior three years as an officer, director, or employee of a broker or dealer, excluding an outside director or a director not engaged in the day-to-day management of a broker or dealer; (2) is an officer, director (excluding an outside director), or employee of an entity that owns more than ten percent of the equity of a broker or dealer, and the broker or dealer accounts for more than five percent of the gross revenues received by the consolidated entity; (3) owns more than five percent of the equity securities of any broker or dealer, whose investments in brokers or dealers exceed ten percent of his or her net worth, or whose ownership interest otherwise permits him or her to be engaged in the day-to-day management of a broker or dealer; (4) provides professional services to brokers or dealers, and such services constitute 20 percent or more of the professional revenues received by the Director or 20 percent or more of the gross revenues received by the Director's firm or partnership; (5) provides professional services to a director, officer, or employee of a broker, dealer, or corporation that owns 50 percent or more of the voting stock of a broker or dealer, and such services relate to the director's, officer's, or employee's professional capacity and constitute 20 percent or more of the professional revenues received by the Director or 20 percent or more of the gross revenues received by the Director's firm or partnership; or (6) has a consulting or employment relationship with or provides professional services to the NASD, NASD Regulation, [or] Nasdaq, or New Amex (and any predecessor), or has had any relationship of provided any such services at any time within the prior three years;

(o) "Industry Governor" or "Industry committee member" means a Governor (excluding the Chief Executive Officer and Chief Operating Officer of the NASD, [and] the Presidents of NASD Regulation and Nasdaq, and the Chief Executive Officer of New Amex) or committee member who: (1) is or has served in the prior three years as an officer, director, or employee of a broker or dealer, excluding an outside director or a director not engaged in the day-to-day management of a broker or dealer; (2) is an officer, director (excluding an

outside director), or employee of an entity that owns more than ten percent of the equity of a broker or dealer, and the broker or dealer accounts for more than five percent of the gross revenues received by the consolidated entity; (3) owns more than five percent of the equity securities of any broker or dealer, whose investments in brokers or dealers exceed ten percent of his or her net worth, or whose ownership interest otherwise permits him or her to be engaged in the day-to-day management of a broker or dealer; (4) provides professional services to brokers or dealers, and such services constitute 20 percent or more of the professional revenues received by the Governor or committee member or 20 percent or more of the gross revenues received by the Governor's or committee member's firm or partnership; (5) provides professional services to a director, officer, or employee of a broker, dealer, or corporation that owns 50 percent or more of the voting stock of a broker or dealer, and such services relate to the director's, officer's, or employee's professional capacity and constitute 20 percent or more of the professional revenues received by the Governor or committee member or 20 percent or more of the gross revenues received by the Governor's or committee member's firm or partnership; [or] (6) is a Floor governor; or [(6) (7) has a consulting or employment relationship with or provides professional services to the NASD, NASD Regulation, [or] Nasdaq, or New Amex (and any predecessor), or has had any such relationship or provided any such services at any time within the prior three years;

(cc) "Non-Industry Director" means a Director of the NASD Regulation Board or Nasdaq Board (excluding the Presidents of NASD Regulation and Nasdaq) who is: (1) a Public Director; (2) an officer or employee of an issuer of securities listed on Nasdaq or New Amex, or traded in the over-the-counter market; or (3) any other individual who would not be an Industry Director;

(dd) "Non-Industry Governor" or "Non-Industry committee member" means a Governor (excluding the Chief Executive Officer and Chief Operating Officer of the NASD, [and] the Presidents of NASD Regulation and Nasdaq, any Floor Governor, and the Chief Executive Officer of New Amex) or committee member who is: (1) a Public Governor or committee member; (2) an officer or employee of an issuer of securities listed on Nasdaq or New Amex, or traded in the over-the-counter market; or (3) any other individual who would not be an Industry Governor or committee member;

¹ 15 U.S.C. 8s(b)(1).

² 17 CFR 240.19b-4.

³ Letter Amendment from T. Grant Callery, Senior Vice President and General Counsel, NASD, to Katherine A. England, Assistant Director, Division of Market Regulation, Commission, dated August 18, 1998 ("Amendment No. 1"). Several additional minor changes were provided by the NASD in a telephone conversation between Phil Rosen, NASD, and Mandy Cohen, Division of Market Regulation, Commission, on August 18, 1998.

(jj) "Floor Governor" or "New Amex Floor Governor" means a Floor Governor of New Amex elected pursuant to Article II, Section. 01 (a) of the New Amex By-Laws;

(kk) "Holdco" means NASD Market Holding Company;

(ll) "New Amex" means New Amex LLC;

(mm) "New Amex Board" means the Board of Governors of New Amex;

ARTICLE VII. BOARD OF GOVERNORS

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Composition and Qualifications of the Board

Sec. 4.(a) The Board shall consist of the Chief Executive Officer and the Chief Operating Officer of the NASD, the Presidents of NASD Regulation and Nasdaq, the Chair of the National Adjudicatory Council, the Chief Executive Officer of New Amex, one Floor Governor, and no fewer than 16 and no more than [22] 28 Governors elected by the members of the NASD. The Governors elected by the members of the NASD shall include a representative of an issuer of investment company shares or an affiliate of such an issuer, a representative of an insurance company, [and] a representative of a Nasdaq issuer, and a representative of an NASD member having not more than 150 registered persons. A majority of the Governors shall be Non-Industry Governors. If the Board consists of [21 to] 23 Governors, at least five shall be Public Governors. If the Board consists of 24 to 27 Governors, at least six shall be Public Governors. If the Board consists of 28 to 31 Governors, at least seven shall be Public Governors. If the Board consists of 32 to 35 Governors, at least eight shall be Public Governors.

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Term of Office of Governors

Sec. 5.(a) The Chief Executive Officer and the Chief Operating Officer of the NASD, [and] the Presidents of NASD Regulation and Nasdaq, and the Chief Executive Officer of New Amex shall serve as Governors until a successor is elected, or until death, resignation, or removal.

(b) The Chair of the National Adjudicatory Council shall serve as a Governor for a term of one year, or until a successor is duly elected and qualified, or until death, resignation, disqualification, or removal. A Chair of the National Adjudicatory Council may not serve more than two consecutive one-year terms as a Governor, unless a Chair of the National Adjudicatory

Council is appointed to fill a term of less than one year for such office. In such case, the Chair of the National Adjudicatory Council may serve [an] that initial term as a Governor and up to two consecutive one-year terms as a Governor following the expiration of [the] such initial term. After serving as a Chair of the National Adjudicatory Council, an individual may serve as a Governor elected by the members of the NASD.

(c) The New Amex Floor Governor shall serve as a Governor for a term of two years, or until a successor is duly elected and qualified, or until death, resignation, disqualification, or removal. A New Amex Floor Governor may not serve more than three consecutive two-year terms as a Governor, unless such New Amex Floor Governor is appointed to fill a term of less than one year for such office. In such case, the New Amex Floor Governor may serve that initial term as a Governor and up to three consecutive two-year terms as a Governor following the expiration of the initial term.

(d) The Governors elected by the members of the NASD shall be divided into three classes and hold office for a term of no more than three years, such term to be fixed by the Board at the time of the nomination or certification of such Governor, or until a successor is duly elected and qualified, or until death, resignation, disqualification, or removal. A Governor elected by the members of the NASD may not serve more than two consecutive terms. If a Governor is elected by the Board to fill a term of less than one year, the Governor may serve up to two consecutive terms following the expiration of the Governor's initial term. The term of office of Governors of the first class shall expire at the January 1999 Board meeting, of the second class one year thereafter, and of third class two years thereafter. At each annual election, commencing January 1999, Governors shall be elected for a term of three years to replace those whose terms expire.

Disqualification

Sec. 6. Notwithstanding Section 5, the term of office of a Governor shall terminate immediately upon a determination by the Board, by a majority vote of remaining Governors, that: (a) the Governor no longer satisfies the classification [Industry, Non-Industry, or Public Governor] for which the Governor was elected; and (b) the Governor's continued service as such would violate the compositional requirements of the Board set forth in Section 4. If the term of office of a

Governor terminates under this Section, and the remaining term of office of such Governor at the time of termination is not more than six months, during the period of vacancy the Board shall not be deemed to be in violation of Section 4 by virtue of such vacancy.

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ARTICLE IX—COMMITTEES

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Executive Committee

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Sec. 4(b) The Executive Committee shall consist of no fewer than [five] six and no more than nine Governors. The Executive Committee shall include the Chief Executive Officer of the NASD, at least one Director of NASD Regulation, at least one Director of Nasdaq, at least one Governor of New Amex, and at least two Governors who are not members of either the NASD Regulation Board, the [or] Nasdaq Board, or the New Amex Board. The number of Directors of the NASD Regulation Board and the number of Directors of the Nasdaq Board serving on the Executive Committee shall be equal at all times. The Executive Committee shall have a percentage of Non-Industry committee members at least as great as the percentage of Non-Industry Governors on the whole Board and a percentage of Public committee members at least as great as the percentage of Public Governors on the whole Board.

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ARTICLE XV—LIMITATION OF POWERS

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Conflicts of Interest

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Sec. 4.(b) No contract or transaction between the NASD and one or more of its Governors or officers, or between the NASD and any other corporation, partnership, association, or other organization in which one or more of its Governors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason if: (i) the material facts pertaining to such Governor's or officer's relationship or interest and the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Governors; or (ii) the material facts are disclosed or become known to the Board or committee after the contract or transaction is entered into, and the Board or committee in good faith ratifies

the contract or transaction by the affirmative vote of a majority of the disinterested Governors. Only disinterested Governors may be counted in determining the presence of a quorum at the portion of a meeting of the Board or of a committee that authorizes the contract or transaction. This subsection shall not apply to any contract or transaction the NASD and: NASD Regulation, *Holdco*, Nasdaq, or *New Amex*.

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Proposed Revisions to NASD Regulation, Inc. By-Laws

ARTICLE I

Definitions

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(q) "Industry Director" or "Industry member" means a Director (excluding the President) or a National Adjudicatory Council or committee member who (1) is or has served in the prior three years as an officer, director, or employee of a broker or dealer, excluding an outside director or a director not engaged in the day-to-day management of a broker or dealer; (2) is an officer, director (excluding an outside director), or employee of an entity that owns more than ten percent of the equity of a broker or dealer, and the broker or dealer accounts for more than five percent of the gross revenues received by the consolidated entity; (3) owns more than five percent of the equity securities of any broker or dealer, whose investments in brokers or dealers exceed ten percent of his or her net worth, or whose ownership interest otherwise permits him or her to be engaged in the day-to-day management of a broker or dealer; (4) provides professional services to brokers or dealers, and such services constitute 20 percent or more of the professional revenues received by the Director or member or 20 percent or more of the gross revenues received by the Director's or member's firm or partnership; (5) provides professional services to a director, officer, or employee of a broker, dealer, or corporation that owns 50 percent or more of the voting stock of a broker or dealer, and such services relate to the director's, officer's, or employee's professional capacity and constitute 20 percent or more of the professional revenues received by the Director or member or 20 percent or more of the gross revenues received by the Director's or member's firm or partnership; or (6) has a consulting or employment relationship with or provides professional services to the NASD, NASD Regulation, [or] Nasdaq,

or *New Amex* (and any predecessor), or has had any such relationship or provided any such services at any time within the prior three years;

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(x) "Non-Industry Director" or "Non-Industry member" means a Director (excluding the President) or a National Adjudicatory Council or committee member who is (1) a Public Director or Public member; (2) an officer or employee of an issuer of securities listed on Nasdaq or *New Amex*, or traded in the over-the-counter market; or (3) any other individual who would not be an Industry Director or Industry member;

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(cc) "*Floor Governor*" or "*New Amex Floor Governor*" means a *Floor Governor of New Amex elected pursuant to Article II, Section .01(a) of the New Amex By-Laws*;

(dd) "*Holdco*" means *NASD Market Holding Company*;

(ee) "*New Amex*" means *New Amex LLC*;

(ff) "*New Amex Board*" means the *Board of Governors of New Amex*;

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ARTICLE IV. BOARD OF DIRECTORS

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Disqualification

Sec. 4.7 The term of office of a Director shall terminate immediately upon a determination by the Board, by a majority vote of the remaining Directors, that: (a) the Director no longer satisfies the classification [Industry, Non-Industry, or Public Director] for which the Director was elected; and (b) the Director's continued service as such would violate the compositional requirements of the Board set forth in Section 4.3. If the term of office of a Director terminates under this Section, and the remaining term of office of such Director at the time of termination is not more than six months, during the period of vacancy the Board shall not be deemed to be in violation of Section 4.3 by virtue of such vacancy.

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Conflicts of Interest; Contracts and Transactions Involving Directors

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Sec. 4.14(b) No contract or transaction between NASD Regulation and one or more of its Directors or officers, or between NASD Regulation and any other corporation, partnership, association, or other organization in which one or more of its Directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason if: (i) the

material facts pertaining to such Director's or officer's relationship or interest and the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Directors; (ii) the material facts are disclosed or become known to the Board or committee after the contract or transaction is entered into, and the Board or committee in good faith ratifies the contract or transaction by the affirmative vote of a majority of the disinterested Directors; or (iii) the material facts pertaining to the Director's or officer's relationship or interest and the contract or transaction are disclosed or are known to the stockholder entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholder. Only disinterested Directors may be counted in determining the presence of a quorum at the portion of a meeting of the Board or of a committee that authorizes the contract or transaction. This subsection shall not apply to a contract or transaction between NASD Regulation and the NASD, [or] Nasdaq, *Holdco*, or *New Amex*.

Proposed Revisions to The Nasdaq Stock Market, Inc. By-Laws

ARTICLE I.

Definitions

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(j) "Industry Director" or "Industry member" means a Director (excluding the President) or Nasdaq Listing and Hearing Review Council or committee member who (1) is or has served in the prior three years as an officer, director, or employee of a broker or dealer, excluding an outside director or a director not engaged in the day-to-day management of a broker or dealer; (2) is an officer, director (excluding an outside director) or employee of an entity that owns more than ten percent of the equity of a broker or dealer, and the broker or dealer accounts for more than five percent of the gross revenues received by the consolidated entity; (3) owns more than five percent of the equity securities of any broker or dealer, whose investments in brokers or dealers exceed ten percent of his or her net worth, or whose ownership interest otherwise permits him or her to be engaged in the day-to-day management of a broker or dealer; (4) provides professional services to brokers or dealers, and such services constitute 20 percent or more of the professional revenues received by the Director or

member or 20 percent or more of the gross revenues received by the Director's or member's firm or partnership; (5) provides professional services to a director, officer, or employee of a broker, dealer, or corporation that owns 50 percent or more of the voting stock of a broker or dealer, and such services relate to the director's officer's or employee's professional capacity and constitute 20 percent or more of the professional revenues received by the Director or member or 20 percent or more of the gross revenues received by the Director's or member's firm or partnership; or (6) has a consulting or employment relationship with or provides professional services to the NASD, NASD Regulation, [or] Nasdaq, or New Amex (and any predecessor), or has had any such relationship or provided any such services at any time within the prior three years;

* * * * *

(q) "Non-Industry Director" or "Non-Industry member" means a Director (excluding the President) or Nasdaq Listing and Hearing Review Council or committee member who is (1) a Public Director or Public member; (2) an officer or employee of an issuer of securities listed on Nasdaq or New Amex, or traded in the over-the-counter market; or (3) any other individual who would not be an Industry Director or Industry member;

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(u) "Floor Governor" or "New Amex Floor Governor" means a Floor Governor of New Amex elected pursuant to Article II, Section .01(a) of the New Amex By-Laws;

(v) "Holdco" means NASD Market Holding Company;

(w) "New Amex" means New Amex LLC;

(x) "New Amex Board" means the Board of Governors of New Amex;

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ARTICLE IV. BOARD OF DIRECTORS

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Disqualification

Sec. 4.7 The term of office of a Director shall terminate immediately upon a determination by the Board, by a majority vote of the remaining Directors, that: (a) The Director no longer satisfies the classification [(Industry, Non-Industry, or Public Director)] for which the Director was elected; and (b) the Director's continued service as such would violate the compositional requirements of the Board set forth in Section 4.3. If the term of office of a Director terminates

under this Section, and the remaining term of office of such Director at the time of termination is not more than six months, during the period of vacancy the Board shall not be deemed to be in violation of Section 4.3 by virtue of such vacancy.

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Conflicts of Interest; Contracts and Transactions Involving Directors

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Sec. 4.14(B) No contract or transaction between Nasdaq and one or more of its Directors or officers, or between Nasdaq and any other corporation, partnership, association, or other organization in which one or more of its Directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason if: (i) the material facts pertaining to such Director's or officers relationship or interest and the contract or transaction are disclosed or are known to the Board or the committee, and the Board or Committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Directors; (ii) the material facts are disclosed or become known to the Board or committee after the contract or transaction is entered into, the Board or committee in good faith ratifies the contract or transaction by the affirmative vote of a majority of the disinterested Directors; or (iii) the material facts pertaining to the Director's or officer's relationship or interest and the contract or transaction are disclosed or are known to the stockholder entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholder. Only disinterested Directors may be counted in determining the presence of a quorum at the portion of a meeting of the Board or of a committee that authorizes the contract or transaction. This subsection shall not apply to a contract or transaction between Nasdaq and the NASD, [or] NASD Regulation, Holdco, or New Amex.

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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 NASD 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 NASD 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 proposed rule change has two purposes. First, the proposal reserves a seat on the NASD Board of Governors for a person representing a member firm having not more than 150 registered persons. In 1997, the NASD implemented a comprehensive revision of the Association's corporate structure. Those revisions were intended to streamline the decision making process; to improve communication among Board members and the staff; and to enable the Association to act quickly and decisively when appropriate. While the restructuring has been effective in meeting these goals, the Association has determined that there is a need to ensure the small member firm community (i.e., firms with 150 or fewer registered persons) a more effective voice in matters affecting their business and their customers, and has therefore determined to reserve a position on the Board of Governors for a person representing a firm with not more than 150 registered persons.

Second, the addition to the NASD Board of the Chief Executive Officer and one Floor Governor of New Amex LLC (the successor operating organization to the American Stock Exchange) is required by the Transaction Agreement dated as of May 8, 1998 ("Transaction Agreement"), that will bring the Amex into the NASD family of companies. That agreement was approved by the Regular Members and Options Principal Members of the American Stock Exchange on June 25, 1998, and is also the subject of a proposed rule change to be submitted by the American Stock Exchange.

(a) Summary of Amendments

By-Laws of the NASD

Article I. Definitions

New definitions of "Floor Governor," "Holdco," "New Amex," and "New Amex Board" have been added, and the terms "Non-Industry Governor," "Non-Industry Director," "Non-Industry committee member," "Industry Governor," "Industry Director" and "Industry committee member" have been amended, to incorporate the inclusion of New Amex LLC within the family of companies.

Article VII. Board of Governors

Section 4: Composition and Qualifications of the Board. This section has been amended to provide that the NASD Board include the Chief Executive Officer and one Floor Governor of New Amex LLC and a representative of an NASD member firm having not more than 150 registered persons. In addition, to ensure some flexibility and maintenance of a majority Non-Industry Board, the maximum size of the Board has been increased to 35 Governors.

Section 5: Term of Office of Governors. This section has been amended to provide term lengths for service by the New Amex Chief Executive Officer and Floor Governor on the Board, consistent with the Transaction Agreement and the Constitution of New Amex LLC.

Article IX. Committees

Section 4: Executive Committee. This section has been amended to include a Governor of New Amex LLC on the Executive Committee.

Article XV. Limitation of Powers

Section 4: Conflicts of Interest. This section has been amended to reflect the inclusion of New Amex LLC within the family of companies.

By-Laws of NASD Regulation and of the Nasdaq Stock Market**Article I. Definitions**

New definitions of "Floor Governor," "Holdco," "New Amex," and "New Amex Board" have been added, and the terms "Non-Industry Director," "Non-Industry member," "Industry Director" and "Industry member" have been amended, to incorporate the inclusion of New Amex LLC within the NASD family of companies.

Article IV. Board of Directors

Section 4.14: Conflicts of Interest; Contracts and Transaction Involving Directors. This section has been amended to reflect the inclusion of New Amex LLC within the family of companies.

Amendment No. 1

Amendment No. 1 made certain minor corrections in the text of the NASD, NASD Regulation and Nasdaq by-laws and agreed to an extension of the time period for Commission action until September 30, 1998, the scheduled closing date of the NASD/Amex transaction.

(b) Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions

of Section 15A(b)(4) of the Act, which requires, among other things, that the Association's rules must be designed to assure a fair representation of its members in the administration of its affairs. The NASD believes that the proposed rule change enhances the Association's ability to assure fair representation on the NASD Board of its members, while incorporating the constituency represented by New Amex LLC. In particular, the reservation of a Board seat for a representative of a small firm assures the ongoing participation in the governance of the NASD by this important segment of NASD membership, just as the creation of Board seats for the New Amex representatives assures the representation to the Amex seatholders that was integral to their approval of the Transaction Agreement.

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

The NASD 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, as amended. With respect to that portion of the proposed rule change required by the Transaction Agreement, the implementation of the proposed rule change is part of an effort to promote intermarket competition, insofar as it is a condition precedent to the closing of the transaction pursuant to which a substantial investment will be made in the New Amex equity market. In addition, the transaction will result in the provision of substantial additional resources to enhance New Amex's options market, and to help it to develop system and facilities to compete more effectively with other U.S. and foreign options markets.

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.

IV. 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 publishes its reasons for so finding or (ii) as to which the self-regulatory organization 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.

V. 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 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-98-56 and should be submitted by September 16, 1998.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 98-22839 Filed 8-25-98; 8:45 am]

BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION**Data Collection Available for Public Comments and Recommendations**

ACTION: Notice and request for comments.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, this notice announces the Small Business Administration's intentions to request approval on a new, and/or currently approved information collection.

DATES: Comments should be submitted on or before October 26, 1998.

FOR FURTHER INFORMATION CONTACT: Curtis B. Rich, Management Analyst, Small Business Administration, 409 3rd Street, SW., Suite 5000, Washington, DC 20416. Phone Number: 202-205-6629.

SUPPLEMENTARY INFORMATION:

Title: "Application Forms for 8(a) Program."

⁴ 17 CFR 200.30-3(a)(12).