

principles of trade and in general to protect investors and the public interest.

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

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

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

Within thirty-five days of the date of publication of this notice in the **Federal Register** or within such other period (i) as the Commission may designate up to ninety 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.

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 submissions, 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 five U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the CHX. All submissions should refer to File No. SR-CHX-97-36 and should be submitted by February 26, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-2886 Filed 2-4-98; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39594; File No. SR-NASD-97-91]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Issuer Filings of Periodic Reports Through the EDGAR System

January 28, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on January 26, 1998, the National Association of Securities Dealers, Inc. ("NASD" or "Association"), through its wholly owned subsidiary, The Nasdaq Stock Market, Inc. ("Nasdaq"), 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 Nasdaq.² The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Nasdaq, pursuant to Rule 19b-4 under the Act, is herewith filing a proposed rule change to NASD Rule 4310 ("Rule 4310") and NASD Rule 4320 ("Rule 4320") to permit issuers that file periodic reports through the SEC's Electronic Data Gathering, Analysis, and Retrieval ("EDGAR") system to stop submitting separate paper filings with Nasdaq. The full text of the proposed rule change is provided below in Exhibit A.

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² On January 26, 1998, Nasdaq filed Amendment No. 1 to the proposal. See Letter from Robert E. Aber, Vice President and General Counsel, Nasdaq, to Katherine England, Assistant Director, Division of Market Regulation, Commission, dated January 23, 1998 ("Amendment No. 1"). The NASD initially submitted the proposal on December 12, 1997. At the staff's request, however, the NASD filed Amendment No. 1 to the proposed rule change on January 26, 1998. Amendment No. 1 makes technical corrections to proposed rule language and clarifies issues relating to the purpose of, and statutory basis for, the proposed rule change.

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

In its filing with the Commission, Nasdaq 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. Nasdaq 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

Rule 4310(c)(14) and Rule 4320(e)(12) require issuers to file with the Association and Nasdaq, respectively, three copies of all reports filed or required to be filed with the Commission. Rule 4310(c)(14) also requires the filing of three copies of "other documents" filed or required to be filed with the Commission. Effective July 1, 1997, Nasdaq implemented its electronic interface with the EDGAR system, the SEC's on-line database and filing service. The link provides Nasdaq with direct access to an issuer's electronic filings with the Commission. Electronic filing enables companies to disseminate information to investors and market participants at a faster and more cost-effective rate than traditional paper-based filing methods.³ To relieve companies of the burden and cost of providing separate paper copies of filings to Nasdaq, the proposed rule change provides that a company that files its periodic reports through EDGAR fulfills its filing obligations under NASD Rule 4310 and NASD Rule 4320 and is not required to file hard copies with Nasdaq. The proposed rule change does not affect companies that do not use EDGAR and instead continue to file paper reports with the SEC. These companies are still required to provide three copies of all filings to Nasdaq pursuant to Rule 4310 or Rule 4320. Finally, the proposed rule also makes conforming changes to Rule 4320. Specifically, the proposed rule change conforms the text of Rule 4320(e)(12) to the text of Rule 4310(c)(14) by clarifying

³ See Rulemaking for EDGAR Systems, Securities Act Release No. 6944 (July 23, 1992), 57 FR 35070 (Aug. 9, 1992); Rulemaking for EDGAR Systems, Securities Act Release No. 6977 (Feb. 23, 1993), 58 FR 14628 (Mar. 18, 1993); and Use of Electronic Media for Delivery Purposes for discussions of the benefits of electronic filing, Securities Act Release No. 7233 (Oct. 6, 1995), 60 FR 53458 (Oct. 12, 1995).

that the rule requires the filing with Nasdaq of "other documents" and by clarifying that the rule applies to all reports and other documents filed with the Commission, even if they are not required to be filed.

Nasdaq believes that the proposed rule change is consistent with Section 15A(b)(6) of the Act. Section 15A(b)(6) requires, among other things, that the rules of a national securities association be designed to prevent fraudulent and manipulative acts and practices, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. The use of electronic filing will permit Nasdaq to have access to information quickly and efficiently, thus assisting Nasdaq in the application of its rules designed to prevent fraudulent and manipulative acts and practices. The acceptance of electronic filings by Nasdaq also removes an impediment to those companies that file electronically with the SEC because those companies no longer will be required to separately file paper copies with Nasdaq.

(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, as amended.

(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 proposed rule change has become effective immediately upon filing pursuant to Section 19(b)(3)(A)(i) and (iii) of the Act and paragraph (e) of Rule 19b-4 thereunder because the proposed rule change constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of the NASD and is concerned solely with the administration of the NASD. The proposed rule change merely provides an alternative method for an issuer to satisfy an existing requirement in the NASD Rules to provide information to Nasdaq, thereby removing an unnecessary burden on companies that file electronically with the Commission through EDGAR, and will not affect the availability of information to Nasdaq or investors. At any time within 60 days of the filing of such proposed rule change,

the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying 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 No. SR-NASD-97-91 and should be submitted by February 26, 1998.

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

Margaret H. McFarland,
Deputy Secretary.

Exhibit A—Proposed New Language Is in Italics

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4310. Qualification Requirements for Domestic and Canadian Securities

(a)–(b) No change.
(c) In addition to the requirements contained in paragraph (a) or (b) above, and unless otherwise indicated, a security shall satisfy the following criteria for inclusion in Nasdaq:
(1)–(13) No change.
(14) The issuer shall file with the Association three (3) copies of all reports and other documents filed or required to be filed with the Commission. *This requirement is considered fulfilled for purposes of this paragraph if the issuer files the report or document with the Commission through the Electronic Data Gathering, Analysis, and Retrieval ("EDGAR") system.* An issuer that is not required to file reports with the Commission shall file with the

Association three (3) copies of reports required to be filed with the appropriate regulatory authority. All required reports shall be filed with the Association on or before the date they are required to be filed with the Commission or appropriate regulatory authority. Annual reports filed with the Association shall contain audited financial statements.

(15)–(27) No change.

(d) No change.

Rule 4320. Qualification Requirements for Non-Canadian Foreign Securities and American Depositary Receipts

(a)–(d) No change.

(e) In addition to the requirements contained in paragraphs (a), (b), or (c) and (d), the security shall satisfy the following criteria for inclusion in Nasdaq:

(1)–(11) No change.

(12) The issuer shall file with Nasdaq three (3) copies of all reports *and other documents filed or* required to be filed with the Commission. *This requirement is considered fulfilled for purposes of this paragraph if the issuer files the report or document with the Commission through the Electronic Data Gathering, Analysis, and Retrieval ("EDGAR") system.* All required reports must be filed with Nasdaq on or before the date they are required to be filed with the Commission.

(13)–(23) No change.

(f) No change.

[FR Doc. 98-2887 Filed 2-4-98; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39602; File No. SR-NSCC-97-10]

Self-Regulatory Organizations; National Securities Clearing Corporation; Order Approving a Proposed Rule Change Establishing a New Category of Fund Member for Investment Advisers in Mutual Fund Services

January 30, 1998.

On August 25, 1997, the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-NSCC-97-10) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ Notice of the proposal was published in the **Federal Register**

⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).