

For the Nuclear Regulatory Commission.
A.J. Galante,
Chief Information Officer.
 [FR Doc. 98-31640 Filed 11-25-98; 8:45 am]
 BILLING CODE 7590-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-23542]

Notice of Applications for Deregistration Under Section 8(f) of the Investment Company Act of 1940

November 20, 1998.

The following is a notice of applications for deregistration under section 8(f) of the Investment Company Act of 1940 for the month of November 1998. A copy of each application may be obtained for a fee at the SEC's Public Reference Branch, 450 Fifth St., N.W., Washington, DC 20549 (tel. 202-942-8090). An order granting each application will be issued unless the SEC orders a hearing. Interested persons may request a hearing on any application by writing to the SEC's Secretary at the address below and serving the relevant applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on December 15, 1998, and should be accompanied by proof of service on the applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Secretary, SEC, 450 Fifth Street, N.W., Washington, DC 20549. For Further Information Contact: Diane L. Titus, at (202) 942-0564, SEC, Division of Investment Management, Office of Investment Company Regulation, Mail Stop 5-6, 450 Fifth Street, N.W., Washington, DC 20549. Management of Managers Short Term Municipal Bond Fund [File No. 811-3747]

Management of Managers Fixed Income Fund [File No. 811-3748]
 Management of Managers Income Equity Fund [File No. 811-3750]

Summary: Each applicant seeks an order declaring that it has ceased to be an investment company. On December 31, 1987, each applicant transferred all of its assets to a corresponding series of the Management of Managers Group of Funds (the "Trust") based on net asset value per share. Reorganization expenses were paid pro rata by each series of the Trust.

Filing Dates: Management of Managers Short Term Municipal Bond Fund filed its application on September 24, 1998, and Management of Managers Fixed Income Fund and Management of Managers Income Equity Fund filed their applications on September 25, 1998. Each applicant amended its application on November 2, 1998.

Applicants' Address: 40 Richards Avenue, Norwalk, Connecticut 06854.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 98-31646 Filed 11-25-98; 8:45 am]
 BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40687; File No. SR-CHX-98-21]

Self-Regulatory Organizations; Notice of Filing and Order Granting Partial Accelerated Approval of Proposed Rule Change by the Chicago Stock Exchange, Inc. Relating to the Automatic Stopping of Market Orders

November 18, 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 31, 1998, the Chicago Stock Exchange, Inc. ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and to grant partial accelerated approval of the proposed rule change.

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

The exchange proposes to amend Article XX, Rule 37(b) relating to the Exchange's "pending auto stop" program that automatically stops market orders under certain circumstances. The text of the proposed rule change is available at the Office of the Secretary, the CHX, and at the Commission.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 Exchange 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 Exchange 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

On July 13, 1998, the Commission approved a rule change that: (i) Automates the stopping of certain market orders, and (ii) permits specialists to manually stop marketable limit orders received through the Midwest Automated Execution System ("MAX System").³ This program for automated stopping of market orders is known as the "pending auto stop" program.

Under the pending auto stop program, all MAX System market orders that are between 100 and 599 shares (or a higher amount chosen by a specialist on a stock by stock basis) and that are not automatically executed in the normal course of operations (*i.e.*, because there is insufficient size associated with the Intermarket Trading System ("ITS") best bid or offer ("BBO"), because the order would result in an out of range execution,⁴ or because the order is a professional order⁵ and the specialist has not yet decided whether to accept the order, etc.) are identified as "pending auto stop" orders.⁶

³ Securities Exchange Act Release No. 41096 (July 13, 1998), 63 FR 38866 (July 20, 1998).

⁴ An out of range execution is an execution that results in a new high or a new low for the day.

⁵ The term "professional order" is defined as any order for the account of a broker-dealer, or any account in which a broker-dealer or an associated person of a broker-dealer has any direct or indirect interest. See CHX, Art. XXX, Rule 2, interpretation and policy .04. The term "agency order" means an order for the account of a customer, but does not include professional orders.

⁶ Both agency and professional orders are currently eligible for the "pending auto-stop" feature of MAX; however, all or none orders, odd-lot orders, fill or kill orders, immediate or cancel orders, orders that are or will be stopped under the Enhanced SuperMAX program, and other orders that cannot be entered into the MAX System (*i.e.*, not held orders, sell short exempt orders and

These orders retain their "pending auto-stop" status for 30 seconds. At the end of this 30 second period, the MAX System automatically stops the order and sends a "UR Stopped" message to the firm that sent the order, *unless*, before the end of the 30 second period, the specialist manually executes, cancels or stops the entire order or the specialist puts the order "on hold." If any of these events occurs, the "pending auto-stop" status is removed from the order and the order is not automatically stopped. If an order is "put on hold," the CHX's existing rules for order handling apply.⁷ If the order is automatically stopped, the stop price currently is the ITS BBO at the time the order is received in the MAX System. Furthermore, if the order is automatically stopped, the *entire* order is stopped. The "pending auto-stop" feature of the MAX System currently operates from 8:45 a.m. until 2:57 p.m.

Although the Exchange has only limited experience operating under the pending auto stop program, the Exchange believes that it is appropriate to amend certain aspects of the program. In general, the proposed rule change limits the operation of the program under certain circumstances. The proposed rule change would: (1) Eliminate securities trading at or above \$100 at the time the order is received from being eligible for the program; (2) change the hours of the program so that it will operate from 9 a.m. until 2:30 p.m., Central Time; (3) eliminate professional orders from being eligible for the program; and (4) change the stop price from the ITS BBO to the primary market price when the size associated with the relevant side of the ITS BBO is 100 shares.

The Exchange believes that it is appropriate to limit the operation of the pending auto stop program to a typical trading environment. Each of the above cases involve unique situations. In addition, under the current program, specialists have the ability to manually override the pending auto stop feature. The Exchange believes limiting the pending auto stop program to a typical trading environment alleviates the burden placed on the specialist to continuously monitor orders in the above cases, and if necessary, place the orders on "hold." Each of the proposed changes is discussed in turn.

a. Securities Trading at or Above \$100

The Exchange proposes to exclude securities trading at or above \$100 at the

time the order is received from the pending auto stop program. The CHX states that highly priced securities trade in a manner and in an environment that is different from other lower priced securities. In addition, these securities are geared more toward the institutional market and often are traded with wider spreads, among other things, making them inappropriate for a program that automatically stops the order.

b. Change in Hours of Operation of the Program

Currently, the pending auto stop program operates from 8:45 a.m. to 2:57 p.m., Central Time. As proposed, the pending auto stop program would operate from 9 a.m. to 2:30 p.m., Central Time. The Exchange believes that the periods surrounding the opening and closing are both the most busy and, often, the most volatile periods of the day that require the most amount of specialist attention and action. Having an automatic program that requires the specialist to review these orders and, if necessary, put orders on hold, within 30 seconds during this time period puts undue strain on the specialist's resources by diverting the specialist from his or her core job function of maintaining a fair and orderly market at a time when this function is most critical.

c. Professional Orders

The vast majority of orders received on the Exchange floor through the MAX system are retail sized agency orders.⁸ Giving these customer orders executions that are quicker and better than other market centers is an important priority for the Exchange. The pending auto stop program is targeted specifically at these types of orders. Although trading conditions change throughout the day, the Exchange believes that implementing the pending auto stop program in a manner that requires the least amount of specialist intervention will result in the greatest use of the program and, as a result, the greatest benefit to customers. If specialists believe that the program is sufficiently limited to those orders for which the pending auto stop program is most appropriate, they will be less likely to put orders on hold to evaluate and examine the orders in more detail. Given this philosophy, the Exchange believes that it is appropriate to remove professional orders from the program. Professional orders are not subject to the

Exchange's Article XX, Rule 37(a) ("BEST Rule"),⁹ or any similar guarantee, if stopped. The Exchange no longer believes that it is appropriate, at this time, to give these orders a better guarantee merely because they are stopped under the pending auto stop program.

d. Use of Primary Market as Stopped Price

Currently, when an order is stopped under the pending auto stop program, the order is stopped at the relevant side of the ITS BBO in existence at the time the order is first received. Under the existing pending auto stop program, an entire order is stopped regardless of the size associated with the ITS BBO. Thus, a 599 share order that is eligible for the pending auto stop program is stopped for 599 shares, even if the ITS BBO is only for 100 or 200 shares. As stated above, this results in better guarantees for the order than are required under the BEST Rule.

The Exchange proposes to change the stop price for an order under the pending auto stop program from the ITS BBO to the primary market quote when the size associated with the relevant side of the ITS BBO is 100 shares. In all other cases, the stop price will remain the ITS BBO. Because the guarantee under the pending auto stop program does not depend on the size of the ITS BBO, the Exchange believes that it is appropriate to exclude 100 share markets for purposes of determining the stop price. In most instances, 100 share markets are not an appropriate indicator of where to stop orders under the pending auto stop program, especially when the execution guarantee is for the full size of the order, notwithstanding the 100 share market being displayed. Thus, in instances where the size of the ITS BBO is 100 shares, the Exchange believes that the most appropriate indicator of the price at which to stop the entire order is the primary market bid and offer.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with section 6(b)(5) of the Act¹⁰ in that it is designed to promote just and equitable principles of trade, to remove impediments to and to perfect the

special settlement orders) will not be eligible to be "pending auto stop" orders.

⁷ See CHX, Article XX, Rules 28 and 37(a).

⁸ The term "agency order" means an order for the account of a customer, but does not include professional orders defined in CHX, Art. XXX, Rule 2, interpretation and policy .04.

⁹ Under the Exchange's BEST Rule, Exchange specialists are required to guarantee executions of all agency market and limit orders for Dual Trading Systems issues (issues traded on the CHX, through listing on the CHX or unlisted trading privileges and also listed on either the New York Stock Exchange or the American Stock Exchange) from 100 shares up to and including 2099 shares.

¹⁰ 15 U.S.C. 78f(b)(5).

mechanism of a free and open market and a national market system, 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 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 Exchange 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 foregoing is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, 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 at the Commission's Public Reference Room. 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-98-21 and should be submitted by [insert date 21 days from the date of publication].

V. Commission's Findings and Order Granting Partial Accelerated Approval of the Proposed Rule Change

After careful review, the Commission finds that the proposed rule change, as it pertains to: (1) Excluding securities at or above \$100 at the time of the trade from the pending auto program; (2) changing the time of operation of the pending auto stop program; and (3) excluding professional orders from the pending auto stop program, is consistent with the requirements of the Act,¹¹ and the rules and regulations thereunder applicable to a national securities exchange.¹² In particular, the Commission believes that these three aspects of the proposed rule change are consistent with section 6(b)(5) of the Act¹³ requiring that the rules of an exchange be designated to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public interest. The Commission believes that approving a portion of the proposed rule change should streamline the operation of the pending auto stop program and increase the efficiency and productivity of specialists operating within the program. The Commission believes it is appropriate to exclude securities that are at or above \$100 at the time of the trade from the program because of the CHX's representation that such securities tend to trade in an environment different from lower priced securities. Higher priced securities are generally traded by institutional investors with wider spreads. According to the Exchange, wider spreads may deplete a stock's liquidity and require a specialist to risk larger amounts of capital. The Exchange represents that these factors could divert specialist attention away from smaller public customer orders, defeating a primary goal of the pending auto program. Thus, the Commission believes that excluding securities that are at or above \$100 at the time of trade should streamline the program and enhance efficiency.¹⁴

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

¹² The portion of the proposed rule change relating to the use of the primary market as the stopped price will be subject to the full notice and comment period described in Item IV.

¹³ *Id.*

¹⁴ The Exchange represents that very few of the securities in the pending auto stop program are at or above \$100 at the time of trade. Telephone conversation between David Rusoff, Counsel, Foley & Lardner, and Marc McKayle, Attorney, Division

The Commission also believes that changing the hours of operation for the pending auto stop program from 8:45 a.m. to 2:57 p.m. to 9 a.m. to 2:30 p.m. should allow specialists to focus on their primary duties at the opening and closing of the business day when trading is often most busy and most volatile. The Commission believes that changing the pending auto stop program's hours of operation to alleviate the specialists' duties during the increased activity often associated with the opening and closing of the business day should contribute to the maintenance of a fair and orderly market.

The Commission also believes that eliminating professional orders from the pending auto stop program should benefit the individual and retail investors who are the focus of the program. Professional orders are not subject to the BEST Rule, and have a direct or indirect broker-dealer interest. The Commission believes that the exclusion of professional orders should appropriately streamline the program and help maintain a focus on agency orders which are subject to the BEST Rule. Thus, the Commission believes that eliminating professional orders from the program should enhance the Exchange's ability to meet its stated goal of achieving superior customer executions. Accordingly, the Commission finds good cause for partially approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register**.

It is therefore ordered, pursuant to section 19(b)(2) of the Act,¹⁵ that the proposed rule change (SR-CHX-98-21) as it pertains to: (1) Excluding securities at or above \$100 at the time of the trade from the pending auto program; (2) changing the time of operation of the pending auto stop program; and (3) excluding professional orders from the pending auto stop program is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁶

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-31584 Filed 11-25-98; 8:45 am]

BILLING CODE 8010-01-M

of Market Regulation, Commission (October 30, 1998).

¹⁵ 15 U.S.C. 78s(b)(2).

¹⁶ 17 CFR 200.30-3(a)(12).