

members with the Act, the rules and regulations thereunder, and the rules of the Association. In addition, the Association believes the proposed rule change is consistent with the provisions of Section 15A(b)(6), which require that the rules of an association be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade and, in general, to protect investors and the public interest. The NASD also believes the proposal is consistent with the provisions of Sections 15A(b)(7) and (8). Paragraph (b)(7) permits the sanctioning of members and associated persons by several means, including by imposing fitting sanctions, and paragraph (b)(8) requires that the rules of an association, in general, provide a fair procedure for disciplining members and persons associated with members. The Association believes that the relevant provisions of the Act provide it with authority to issue temporary cease and desist orders. NASD also believes the proposed rules are consistent with the Association's obligations under Sections 15A(b)(2), (6), (7), and (8) because temporary cease and desist orders are fitting sanctions designed to stop violative conduct that is likely to cause significant dissipation or conversion of assets or other significant harm to investors, subject to the specific procedures contained in the rules.

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

The Association does not believe that the proposed rule change will impose 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

The proposed rule change was published for comment in NASD Notice to Members 98-42. Thirteen comments were received in response to NTM-98-48. While three comment letters expressed support for the Association's overall goal of effective regulation of the securities markets, none of the comment letters voiced support for the proposed rule change.

The Board of Directors of NASD Regulation and the National Adjudicatory Council reviewed the Notice of Members and approved its publication. In addition, the Small Firm Advisory Board supported issuing NTM 98-42, although it took no formal position. Finally, a subcommittee of the Legal Advisory Board reviewed and

unanimously supported issuing it as well.

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

Within 35 days of the 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 the 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 proposal is consistent with the Act. In particular, the Commission solicits comments on (A) whether the scope of possible violations should be narrowed; (B) what impact, if any, the issuance of an NASD temporary cease and desist order will have on other laws (i.e., other than the federal securities laws); and (C) whether the NASD has sufficiently justified the need for temporary cease and desist powers. 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 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 NASD. Comments also may be submitted electronically at the following E-mail address: rule-comments@sec.gov. File Number SR-NASD-98-80 should be included on the subject line if E-mail is used to submit a comment letter. Electronically submitted comment letters will be posted on the Commission's Internet web site (<http://www.sec.gov>). All submission should refer to File No. SR-NASD-98-80 and should be submitted by March 1, 1999.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-34513 Filed 12-29-98; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40812; File No. SR-NYSE-98-44]

Self-Regulatory Organizations; Proposed Rule Change by the New York Stock Exchange, Inc. Relating to an Interpretation With Respect to Rule 344 ("Supervisory Analysts")

December 21, 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 December 3, 1998, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") 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 Exchange. 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 proposed rule change consists of an interpretation with respect to the meaning and administration of Exchange Rule 344 ("Supervisory Analysts"). Additions are italicized; deletions are bracketed.

Rule 344

/01 Qualifications

Supervisory Analyst candidates shall qualify by taking and passing the Supervisory Analyst (Series 16) Examination.

Experience

Appropriate experience for a candidate for Supervisory Analyst [has been defined as] means having at least three years prior experience [as a securities analyst] *within the immediately preceding six years involving securities or financial analysis.*

Examples of appropriate experience may include the following:

- *Equity or Fixed Income Research Analyst;*
- *Credit Analyst for a securities rating agency;*
- *Supervising preparation of materials prepared by financial/securities analysts;*

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

- *Financial analytical experience gained at banks, insurance companies or other financial institutions;*

- *Academic experience relating to the financial/securities markets/industry.*

/02 No Change

/03 Chartered Financial Analyst (CFA)

Successful completion of the CFA Level I Examination given by the Institute of Chartered Financial Analysts (in lieu of completion of Levels I, II and III for a full CFA designation) will suffice to allow a Supervisory Analyst candidate to [take a special version of the Supervisory Analyst's examination which is limited to Exchange Rules on research standards and related matters] *qualify by taking Part 1 of the Series 16 Qualification Examination.*

* * * * *

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

In its filing with the Commission, the NYSE 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

The purpose of the proposed rule change is to set forth an interpretation concerning the meaning and administration of Exchange Rule 344 with respect to establishing standards for the qualification of candidates for Supervisory Analyst designation at member organizations. It is intended that this interpretation will be published as an Interpretation Memorandum for inclusion in the Exchange's Interpretation Handbook.

Exchange Rule 344 sets the standards that must be met by candidates for Supervisory Analyst designation at member organizations. Research reports issued by a member organization must, under the provisions of Rule 472(b) ("Communications with the Public"), be prepared or approved by a Supervisory Analyst.

Rule 344 requires that, to be approved by the Exchange, Supervisory Analysts must provide evidence of "appropriate experience" and pass the Supervisory Analyst Examination (the "Series 16 Examination") or complete CFA Level I and pass Part I of the Series 16 Exam. The examination consists of two parts: Part I, Regulatory Administration, and

Part II, Review of Security Analysis. Currently, the Exchange deems "three years prior experience as a securities analyst" as constituting "appropriate experience." The Exchange proposes to amend the existing interpretation to Rule 344 to require Supervisory Analyst candidates to have three years experience, within the most recent six years, involving securities or financial analysis in order to be qualified. Candidates will continue to be required to qualify by taking and passing the Series 16 Examination.

Member organizations have expressed their belief that the current three year securities analyst experience requirement is too limiting in today's business environment where the role of the Supervisory Analyst has changed. Previously, a Supervisory Analyst typically performed actual analysis and wrote reports in addition to supervising the preparation of and reviewing the reports written by others. Currently, it is common for Supervisory Analysts to perform functions limited to the review of research reports written by others. Accordingly, three years experience as a "securities analyst" should not be the only acceptable experience that a person may have to be qualified to perform the job function.

Examples of appropriate experience under the proposed revised interpretation include (1) equity or fixed income research analyst; (2) supervisor of preparation of materials by analysts; (3) credit analyst for a securities rating agency; certain financial analytical experience; and (4) certain academic experience. The Exchange believes that this proposed interpretation will appropriately broaden the types of experience that would be acceptable to qualify Supervisory Analyst candidates.

The Exchange believes that the proposed rule change is consistent with the requirements of Section 6(c)(3)(B) of the Act.³ Under that Section, it is the Exchange's responsibility to prescribe standards of training, experience and competence for persons associated with Exchange members and member organizations. Pursuant to this statutory obligation, the exchange has developed standards to ensure that persons associated with Exchange members and member organizations as Supervisory Analysts are appropriately qualified and meet experience requirements.

In addition, under Section 6(c)(3)(B) of the Act, the Exchange may bar a natural person from becoming a member or person associated with a member, if such natural person does not meet such standards of training, experience and

competence as are prescribed by the rules of the Exchange. Pursuant to this statutory obligation, the Exchange has proposed this new interpretation to establish appropriate experience requirements of Supervisory Analyst candidates.

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

The NYSE does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the Act.

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

No written comments were either solicited or received.

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 NYSE 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 proposal is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, 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 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 NYSE. All submissions should refer to File No.

³ 15 U.S.C. 78f(c)(3)(B).

SR-NYSE-98-44 and should be submitted by January 20, 1999.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 98-34514 Filed 12-29-98; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40817; File No. SR-PCX-98-54]

Self-Regulatory Organizations; Pacific Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to Extension of PCX Specialist Evaluation Program for One Year

December 21, 1998.

I. Introduction

On November 2, 1998, the Pacific Exchange, Inc. ("PCX" or "Exchange") submitted to the Securities and Exchange Commission ("Commission" or "SEC"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to extend its specialist evaluation pilot program for an additional year, to January 1, 2000. The Commission published the proposed rule change for comment in the **Federal Register** on November 19, 1998.³ No comments were received. This order approves the proposal.

II. Description of the Proposal

On December 22, 1997, the Commission approved a one-year extension of the Exchange's pilot program for the evaluation of equity specialists.⁴ The filing was intended to establish an overall score and individual passing scores for specialists, replace the "Bettering the Quote" criterion with "Price Improvement," and lower the weighting of the "Specialist Evaluation Questionnaire" criterion from 15% to 10% so that Price Improvement could be given a weight of 10%. Subsequently, the Commission approved an Exchange proposal to codify the aforementioned changes.⁵ The Exchange is requesting a

one-year extension of the pilot program. At this time, the Exchange is not seeking to modify the pilot program.

III. Discussion

After careful review, the Commission finds that the PCX's proposal to extend its pilot program is consistent with the requirements of sections 6(b) and 11 of the Act⁶ and the rules and regulations thereunder applicable to a national securities exchange. Specifically, the Commission finds that the proposed rule change is consistent with the Section 6(b)(5) requirement that the rules of an exchange be designed, among other things, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.⁷ Further, the Commission finds that the proposal is consistent with Section 11(b) of the Act⁸ and Rule 11b-1 thereunder which allow securities exchanges to promulgate rules relating to specialists in order to maintain fair and orderly markets and to remove impediments to and perfect the mechanism of a national market system.

According to the Exchange, the pilot program is operating successfully and without any problems. The Commission believes it is appropriate to extend the current pilot program for an additional year, until January 1, 2000 so that the Exchange will have an opportunity to continue reviewing and evaluating the program before seeking permanent approval. The Commission notes that the October 29, 1998 report filed by the Exchange indicates that it is reasonably monitoring the effectiveness of the program. The Commission's rationale for approving the extension in December 1997 continues to apply and is incorporated by reference into this order.⁹ In addition, the Commission requests that the PCX submit a report to the Commission, by October 30, 1999, containing the information described in the December 1997 order for the first, second and third quarters of 1999.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁰ that the proposed rule change (SR-PCX-98-54) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 98-34515 Filed 12-29-98; 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 January 29, 1999. 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: One Stop Capital Shop Customer Comment Card.

Form No.: N/A.
Frequency: On Occasion.
Description of Respondents: One Stop Capital Shop Customers.
Annual Responses: 1,500.
Annual Burden: 250.

Dated: December 22, 1998.

Jacqueline White,
Chief, Administrative Information Branch.
[FR Doc. 98-34509 Filed 12-29-98; 8:45 am]

BILLING CODE 8025-01-M

¹¹ 17 CFR 200.30-3(a)(12).

⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 40675 (November 12, 1998), 63 FR 64307.

⁴ Securities Exchange Act Release No. 39477 (December 22, 1997), 62 FR 68334 (December 31, 1997).

⁵ Exchange Act Release No. 39976 (May 8, 1998), 63 FR 26834 (May 14, 1998).

⁶ 15 U.S.C. 78f(b) and 78k.

⁷ In approving this proposed rule change, the Commission notes that it has also considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁸ 15 U.S.C. 78k(b).

⁹ See *supra* note 4.

¹⁰ 15 U.S.C. 78s(b)(2).