

ISCC-96-02) as described in Items I, II, and III below, which items have been prepared primarily by ISCC. 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 purpose of the proposed rule change is to expand ISCC's authority to charge and to collect from members fees imposed by third parties.

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

In its filing with the Commission, ISCC 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. ISCC has prepared summaries, set forth in sections (A), (B), 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, the Proposed Rule Change

ISCC proposes to expand its authority to charge and to collect from its members fees imposed by certain third parties. ISCC's current rules permit ISCC to charge members for fees imposed by banks and trust companies in conjunction with the Global Clearance Network Service. The proposed modifications to ISCC's rules will permit ISCC to include on members' settlement statements charges imposed by entitles or organizations with which ISCC has entered into agreements and which provide services or equipment to ISCC members which are integral to the services provided by ISCC.

From time to time, third parties which have entered into agreements with ISCC and which provide ISCC members with certain services or equipment which facilitate access to an ISCC service request that ISCC directly bill its members for the services such third parties provide to members.³ The

proposed rule change will permit such third parties to aggregate individual member charges in one invoice to ISCC and will allow ISCC in turn to include the third parties' charges to individual members on such ISCC members' settlement statements. The proposed rule will thereby enable ISCC members to consolidate their payment obligations. If a member does not consent to such charges or otherwise disputes such charges, ISCC will not fine the member for not paying to ISCC the third party's charges. In addition, ISCC will have no liability to any third party vendors for such charges.

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

(B) Self-Regulatory Organization's Statement on Burden on Competition

ISCC 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 relating to the proposed rule change have been solicited or received. ISCC will notify the Commission of any written comments received by ISCC.

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 longer 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 ISCC 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.

aggregate charges for the month. ISCC would then include the appropriate charge on each member's monthly statement. ISCC would remit to the vendor within the agreed upon time period the amount that ISCC actually collected from members in connection with the vendor's charges.

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, 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 ISCC. All submissions should refer to the file number SR-ISCC-96-02 and should be submitted by April 18, 1996.

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

Jonathan G. Katz,
Secretary.

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[Release No. 34-37010; File No. SR-NASD-96-09]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to the Distribution of Interim Reports to Beneficial Owners and the Use of New Technology To Communicate Such Information to Shareholders

March 21, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on March 13, 1996, the National Association of Securities Dealers, Inc. ("NASD" or "Association") 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 Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

² The Commission has modified the text of the statements prepared by ISCC.

³ For example, ISCC members may want to obtain computer hardware and/or software to access certain ISCC services. To facilitate such access, ISCC would make arrangements with a third party vendor to supply members with the appropriate hardware and/or software. The third party vendor would send a detailed monthly invoice directly to ISCC reflecting the individual member charge and

⁴ 17 CFR 200.30-3(a)(12) (1994).

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

The NASD is filing a proposed rule change to Part II of Schedule D to the NASD By-Laws¹ recommending the distribution of interim reports to all beneficial shareholders if sent to any registered shareholders and encouraging the use of communications technology to make timely communications to shareholders. Below is the text of the proposed rule change. Proposed new language is italicized; proposed deletions are in brackets.

Schedule D²—Part II; Qualification Requirements for NASDAQ Stock Market Securities

Sec. 1 Qualification Requirements for Domestic and Canadian Securities

* * * * *

(d) Nasdaq issuers which distribute interim reports to shareholders should distribute such reports to both registered and beneficial shareholders. Nasdaq issuers are also encouraged to consider additional technological methods to communicate such information to shareholders in a timely and less costly manner as such technology becomes available.

Sec. 2 Qualification Requirements for non-Canadian Foreign Securities and American Depositary Receipts

* * * * *

(f) Nasdaq issuers which distribute interim reports to shareholders should distribute such reports to both registered and beneficial shareholders. Nasdaq issuers are also encouraged to consider additional technological methods to communicate such information to shareholders in a timely and less costly manner as such technology becomes available.

* * * * *

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

The NASD is proposing to add new Section 1(d) to Part II of Schedule D of the By-Laws ("Schedule D") to recommend that Nasdaq issuers which distribute interim reports³ to shareholders distribute such reports to both registered and beneficial shareholders.⁴ The NASD also is proposing to add the same provision as new section 2(f) of Part II to Schedule D regarding the qualification requirements for issuers of non-Canadian foreign securities and ADRs that are included in The Nasdaq Stock Market.

The NASD proposal is the product of a review by various industry groups, including the American Society of Corporate Secretaries and the Securities Industry Association, of listed⁵ companies' dissemination of interim earnings reports to shareholders. The industry groups have been attempting to achieve some uniformity among listed companies in the handling of interim earnings reports. Presently, some listed companies distribute interim reports to both record and beneficial shareholders, some listed companies only send interim reports to record shareholders, and some do not send interim reports to any shareholders. The portion of the proposed rule change recommending that Nasdaq issuers which distribute interim reports to shareholders distribute such reports to both registered and beneficial shareholders is consistent with voluntary provisions adopted by the New York Stock Exchange and the American Stock Exchange and,

therefore, would provide the uniformity among these markets regarding the handling of listed company interim earnings reports that was sought by the above noted industry groups.

The NASD also proposes to add language to new Sections 1(d) and (2)(f) to Part II of Schedule D that would encourage Nasdaq issuers to consider additional technological methods to communicate such information to shareholders in a timely and less costly manner as such technology becomes available. This provision is intended to encourage further Nasdaq issuers to utilize the new technological communications available to many but not all beneficial shareholders. This provision of the proposal rule change, therefore, is intended to be considered by Nasdaq issuers as a supplement to the first provision of the proposed rule change recommending that Nasdaq issuers which distribute interim reports to shareholders should distribute such reports to both registered and beneficial shareholders.

The proposed rule change is a recommendation to Nasdaq issuers and is voluntary in nature. Non-compliance with the provisions of the proposed rule change, therefore, would not subject Nasdaq issuers to Nasdaq actions for non-compliance with Nasdaq listing requirements. The proposed rule change would apply to both the Nasdaq National Market and The Nasdaq SmallCap Market tiers of The Nasdaq Stock Market.

The NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act in that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices, 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 by, among other things, encouraging Nasdaq issuers which distribute interim reports to shareholders to distribute such reports to both registered and beneficial shareholders. This provision of the proposed rule change is consistent with provisions adopted by the New York Stock Exchange and the American Stock Exchange and, therefore, would provide the uniformity among these markets regarding the handling of listed company interim earnings reports that was sought by the above-noted industry groups. The proposed rule change, in addition, would encourage Nasdaq issuers to consider additional technological methods to communicate the information contained in their

¹ NASD Manual, Schedules to the By-Laws, Schedule D, Part II (CCH) ¶¶ 1803-06A.

² Pursuant to a new rule numbering system for the NASD Manual anticipated to be effective no later than May 1, 1996, Sections 1 and 2 of Part II to Schedule D that are the subject of this proposed rule change will become Rules 4310 (regarding qualification requirements for Nasdaq domestic and Canadian securities and Rule 4320 (regarding qualification requirements for Nasdaq Non-Canadian foreign securities and American Depositary Receipts ("ADRs")), respectively. See Securities Exchange Act Release No. 36698 (January 11, 1996), 61 FR 1419 (January 19, 1996) (order approving SR-NASD-95-51).

³ Interim reports are reports that are voluntarily distributed by an issuer as part of its shareholder relations activities and do not include quarterly financial reports required to be filed with the Commission pursuant to Sections 13(a) and 15(d) of the Act, 15 U.S.C. §§ 78m(a), 78o(d).

⁴ The substance of this portion of the proposed rule change has been adopted by the New York Stock Exchange and American Stock Exchange. See NYSE Company Manual Rule 203.02 and American Stock Exchange Company Guide Section 623.

⁵ The securities of Nasdaq issuers are "included in" The Nasdaq Stock Market, they are not "listed on" the Nasdaq Stock Market. However, for purposes of this filing, the term "listed" will apply to Nasdaq, as well as an exchange-listed securities.

interim reports to shareholders in a timely and less costly manner, as such technology becomes available. The NASD believes that the proposed rule change will enhance shareholder communications in The Nasdaq Stock Market.

(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.

(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 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 reason for so finding or (ii) as to which the self-regulatory organizations 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. 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 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 SR-NASD-

96-09 and should be submitted by April 18, 1996.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30-3(a)(12).

Jonathan G. Katz,

Secretary.

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[Release No. 34-37006; File No. SR-NASD-96-10]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to the OTC Bulletin Board® Service

March 21, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on March 13, 1996, the National Association of Securities Dealers, Inc. ("NASD" or "Association") 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 NASD has designated this proposal as one constituting a change to a due, fee, or other charge under § 19(b)(3)(A)(ii) of the Act, which renders the rule effective upon the Commission's receipt of this filing. 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 amends Part VIII of Schedule D to the NASD By-Laws.¹ The text of the proposed rule change is as follows. (Additions are italicized; deletions are bracketed.)

Part VIII—Schedule of NASD Charges for Services and Equipment

A. System Services

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14. OTC Bulletin Board Service

The following charge shall apply to a broker-dealer that displays quotations or trading interest in the OTC Bulletin Board service:

¹ Pursuant to a new rule numbering system for the NASD Manual anticipated to be effective no later than May 1, 1996, the rule that is the subject of this proposed rule change will become Rule 7010(m). See Exchange Act Release No. 36698 (January 11, 1996) 61 FR 1419 (January 19, 1996) (order approving new rule numbering system).

Position charge—\$6.00 [\$5.00]/security/month

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

The OTC Bulletin Board Service ("OTCBB" or "Service") is an electronic quotation medium operated by the Nasdaq Stock market, Inc. that allows eligible members to enter, update, and retrieve quote information and unpriced indications of interest for non-Nasdaq securities. The purpose of this proposed rule change is to increase the OTCBB position charge from \$5 to \$6 per market maker position per month. The fee increase will be effective as of the beginning of 1996. This fee increase is intended to recover a portion of the costs of a number of enhancements to the Service since it was first launched in 1990, as well as to recognize an increase in costs associated with the operation and regulation of the OTCBB.

Specifically, several enhancements have been in place for over two years without any increase in fees to offset development, implementation, and maintenance costs. These include ACT trade reporting; real time display of high, low, close, previous close, and volume; OTCBB symbols programmable in the Nasdaq Workstation ticker; size requirements for priced issues; the admission of certain regional exchange-listed issues; nightly removal of stale foreign equity quotes; and expedited admission of delisted Nasdaq, NYSE and Amex issues, as well as qualifying issues from other quotation mediums.

In addition, the NASD has submitted a filing with the Commission to permit the quotation of Direct Participation Program securities ("DPPs") in the OTCBB, and to require transaction reporting for these securities. This will allow for a more centralized and transparent system for the quotation of DPPs, and will provide more efficient price discovery. Costs associated with