

the SEC's Division of Investment Management: Monthly average total assets for the Capital Manager Fund and each of the International Funds in which it invests; monthly purchases and redemptions (other than by exchange) for the Capital Manager Fund and each of the International Funds in which it invests; monthly exchanges into and out of the Capital Manager Fund and each of the International Funds in which it invests; month-end allocations of the Capital Manager Fund's assets among the International Funds in which it invests; annual expense ratios for the Capital Manager Fund and each of the International Funds in which it invests; and a description of any vote taken by the shareholders of any International Fund, including a statement of the percentage of votes cast for and against the proposal by the Capital Manager Fund and by the other shareholders of the International Funds. Such information will be provided as soon as reasonably practicable following each fiscal year-end of the Capital Manager Fund (unless the Chief Financial Analyst shall notify applicants in writing that such information need no longer be submitted).

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

Margaret H. McFarland,
Deputy Secretary.

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[Release No. 34-37771; File No. SR-MSRB-96-9]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Municipal Securities Rulemaking Board Relating to an Extension of the Continuing Disclosure Information ("CDI") System From September 30, 1996, Through December 31, 1996

October 1, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), and Rule 19b-4 thereunder, notice is hereby given that on August 21, 1996, the Municipal Securities Rulemaking Board ("Board" or "MSRB") filed with the Securities and Exchange Commission ("Commission" or "SEC") a proposed rule change (File No. SR-MSRB-96-9). The proposed rule change is described in Items I, II, and III below, which Items have been prepared by the Board. The Board has designated this proposal as concerned solely with the administration of the Board under

Section 19(b)(3)(A) 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 MSRB is filing a proposed rule change to request an extension, from September 30, 1996, through December 31, 1996, of its interim Continuing Disclosure Information ("CDI") system of the Municipal Securities Information Library® (MSIL®) system.¹ The Board requests that the Commission set the effective date for 30 days after filing.

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

In its filing with the Commission, the Board 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 texts of these statements may be examined at the places specified in Item IV below. The Board 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

On April 6, 1992, the Commission approved the CDI system for an 18-month period.² The CDI system began operating on January 23, 1993, and functions as part of the Board's MSIL® system. The CDI system accepts and disseminates voluntary submissions of official disclosure notices relating to outstanding issues of municipal securities, i.e., continuing disclosure information. During its first phase of operation, the system accepted disclosure notices only from trustees. On May 17, 1993, the system also began accepting disclosure notices from issuers.³

On November 10, 1994, the Commission approved an amendment to

¹ The Municipal Securities Information Library and MSIL are registered trademarks of the Board. The MSIL® system, which was approved in Securities Exchange Act Release No. 29298 (June 13, 1991), is a central facility through which information about municipal securities is collected, stored and disseminated.

² Sec. Exch. Act Rel. No. 30556 (April 6, 1992).

³ On May 17, 1993, the Board reported to the Commission on the initial phase of operation of the CDI system regarding technical, policy and cost issues and proposed enhancements to the system.

its Rule 15c2-12 which prohibits dealers from underwriting issues of municipal securities unless the issuer commits, among other things, to provide material events notices to the Board's CDI system or to all Nationally Recognized Municipal Securities Information Repositories ("NRMSIRs") and to the applicable state information depository.⁴ In addition, the Rule prohibits dealers from recommending municipal securities without having a system in place to receive material events notices. To conform to the new Commission requirements, the Board revised the CDI system and implemented an interim system designed to accept material event notices while a larger permanent system is being designed.⁵ The interim system increased the capacity of the system to process 200 documents per day and increased the page limit per document from three to 10. The Commission has approved operation of the interim system through September 30, 1996.⁶

The Board is requesting an extension for the interim system to operate through December 31, 1996, to allow sufficient time for completion and testing of the permanent system. After consulting with users of the system, including NRMSIRs, the Board is in the final stages of developing the permanent CDI system and has begun testing the system design. The Board believes that an extension of the operation of the interim CDI system through December 31, 1996, will give it sufficient time to complete the system implementation. Prior to that time, and after system tests are complete, the Board will file a plan with the Commission for the permanent CDI system.

The Board believes the proposed rule change is consistent with Section 15B(b)(2)(C) of the Act, which provides that the Board's rules shall:

be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities, to remove impediments to and perfect the mechanism of a free and open market in municipal securities, and, in general, to protect investors and the public interest.

The MSIL® system is designed to increase the integrity and efficiency of

⁴ Sec. Exch. Act Rel. No. 34961 (Nov. 10, 1994).

⁵ The Board also terminated the pilot phase of the CDI System and filed its Report on the Conclusion of the CDI Pilot of the Municipal Securities Information Library® System with the Commission on August 25, 1995.

⁶ Sec. Exch. Act Rel. No. 35911 (June 28, 1995); Sec. Exch. Act Rel. No. 36610 (Dec. 20, 1995).

the municipal securities market by, among other things, helping to ensure that the price charged for an issue in the secondary market reflects all available official information about that issue. The Board will continue to operate the output side of the CDI system to ensure that the information is available to any party who wishes to subscribe to the service. As with all MSIL® system services, this service is available, on equal terms, to any party requesting the service.

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

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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change: (i) Does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; (iii) was provided to the Commission for its review at least five days prior to the filing date; and (iv) does not become operative for thirty days from the date of its filing on August 21, 1996, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(e)(6) thereunder. In particular, the Commission believes the proposed rule change qualifies as a "non-controversial filing" in that the proposed standards do not significantly affect the protection of investors or the public interest and do not impose any significant burden on competition. At any time within sixty days of the filing of the 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 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 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of the filing will also be available for inspection and copying at the board's principal offices. All submissions should refer to File No. SR-MSRB-96-9 and should be submitted by October 29, 1996.

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

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-37770; File No. SR-PSE-96-28]

Self-Regulatory Organizations; Pacific Stock Exchange Incorporated; Order Granting Approval to Proposed Rule Change Relating to Its Rule on the Evaluation of Its Equity Specialists

October 1, 1996.

I. Introduction

On August 18, 1996, the Pacific Stock Exchange, Incorporated ("PSE" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), 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 revise its equity specialist evaluation performance measures on a nine-month pilot basis.

The proposed rule change was published for comment in Securities Exchange Act Release No. 37590 (August 21, 1996), 61 FR 44376 (August 28, 1996). No comments were received on the proposal.

II. Description

The Exchange is proposing to adopt a pilot program amending its rule relating to specialists evaluations for a nine month period from October 1, 1996 to July 1, 1997. Currently, PSE Rule 5.37(a) provides that the Equity Allocation

Committee ("EAC") shall evaluate all registered specialists on a quarterly basis and that each registered specialist shall receive an overall evaluation rating based on the following three measures of performance: (1) Specialist Evaluation Questionnaire Survey ("Questionnaire"); (2) SCOREX Limit Order Acceptance Performance; and (3) National Market System Quote Performance.

The Exchange is proposing to modify PSE Rule 5.37(a) by adding three new measures of performance and eliminating one measure of performance. The new measures are: (1) Executions, (2) Book Display Time; and (3) Post 1-P.M. Parameters. The Exchange is also proposing to: add more questions to the Questionnaire and to expand the Quote Performance measure (formerly the National Market System Quote Performance measure)³ to include a performance measure for bettering the quote. In addition, the Exchange is proposing to eliminate SCOREX Limit Order Acceptance Performance as a measure of specialist performance. The Exchange's new rule for the evaluation of specialists will therefore consist of five separate measures of performance, as specified below:

a. Executions

This category on which 50% of each specialist evaluation is based, consists of four subcategories: (a) Turnaround Time; (b) Holding Orders Without Action; (c) Trading Between the Quote; and (d) Executions in Size Greater Than BBO.

Turnaround Time calculates the average number of seconds for all eligible orders up to 1,099 shares based upon the number of seconds between the receipt of a market or marketable limit order in P/COAST and the execution, partial execution, stopping, or cancellation of the order. An order that is moved from the autoex screen to the manual screen will accumulate time until it is executed, partially executed, stopped, or canceled. This measurement begins after the stock opens for the day on the primary market. Only those orders received by P/COAST after the stock opens will be counted. If there is a trading halt or period when the P/COAST system is experiencing problems, Turnaround Time will not be included for those blocks of time. A specialist will be awarded points based on the average number of seconds between the receipt of eligible market or marketable limit orders and any of the actions specified above being taken

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See *infra* text accompanying note 6.