

pursuant to the recently adopted Limit Order Display Rule (Rule 11Ac1-4(d)), and to delegate authority to delay the effective dates or compliance dates for any aspect of the implementation or operation of the Limit Order Display Rule or the recent amendments to the Quote Rule (Rule 11Ac1-1). This delegation will help to expedite and enhance the orderly implementation of the recently adopted Limited Order Display Rule and the amendments to the Quote Rule.

EFFECTIVE DATE: January 2, 1997.

FOR FURTHER INFORMATION CONTACT: Betsy Prout Lefler, Special Counsel, Division of Market Regulation, 202/942-0170.

SUPPLEMENTARY INFORMATION: On August 28, 1996, the Securities and Exchange Commission adopted amendments to the Quote Rule and a new Limit Order Display Rule.¹ The Limit Order Display Rule generally requires exchange specialists and OTC market makers to display customer limit orders that are at prices superior to the market maker's or specialist's own quote, subject to certain exceptions. The amendments to the Quote Rule, among other things, (1) require OTC market makers and exchange specialists to include in their public quotes any better prices that they have placed in certain electronic communications networks ("ECN Amendments"); (2) deems an OTC market maker or specialist in compliance with the ECN Amendment if it inputs such prices into an ECN that furnishes the best market maker and specialist prices therein to an exchange or association for inclusion in the public quotation system, and provides access to those prices equivalent to the access that would have been afforded market participants if the market maker or specialist had updated its own quote; and (3) expands the definition of "OTC market maker" to mean any dealer who holds itself out as being willing to buy from and sell to its customers, or otherwise, a security covered under the Quote Rule for its own account on a regular and continuous basis otherwise than on an exchange in amounts of less than block size.

Both the Limit Order Display Rule and the Quote Rule contain provisions that allow the Commission to grant exemptive relief from various provisions of the rules to market participants and self-regulatory organizations.² While the Director of the Division of Market

Regulation already has delegated authority to grant exemptive relief under the Quote Rule, the present amendment to Rule 30-3³ authorizes the Director of the Division of Market Regulation to grant the exemptive relief described in the Limit Order Display Rule. This delegation will provide flexibility to ensure orderly implementation of the recently adopted Limit Order Display Rule in instances where immediate action is necessary to ensure the protection of investors and the maintenance of fair and orderly markets. The present amendment to Rule 30-3 also authorizes the Director of the Division of Market Regulation to modify as needed the compliance dates and effective dates for operation of the Quote Rule, as amended, or of the Limit Order Display Rule.

The Commission finds, in accordance with Section 553(b)(3)(A) of the Administrative Procedure Act,⁴ that this amendment relates solely to agency organization, procedures, or practice, and does not relate to a substantive rule. Accordingly, notice and opportunity for public comment are unnecessary, and publication of the amendment 30 days before its effective date is also unnecessary.

List of Subjects in 17 CFR Part 200

Administrative practice and procedure, Authority delegations (Government agencies).

Text of Amendment

For the reasons set out in the preamble, Title 17, Chapter II of the Code of Federal Regulations is amended as follows:

PART 200—ORGANIZATION; CONDUCT AND ETHICS; AND INFORMATION AND REQUESTS

1. The authority citation for Part 200 continues to read in part as follows:

Authority: 15 U.S.C. 77s, 78d-1, 78d-2, 78w, 7811(d), 79t, 77sss, 80a-37, 80b-11, unless otherwise noted.

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2. Section 200.30-3 is amended by adding paragraphs (a)(61) and (a)(62) as follows:

§ 200.30-3 Delegation of authority to Director of Division of Market Regulations.

* * * * *

(a) * * *

(61) To grant exemptions from Rule 11Ac1-4 ("Rule") (§ 240.11Ac1-4), pursuant to paragraph (d) of the rule.

(62) From January 2, 1997 through February 17, 1997, to modify for a

period not to exceed 60 days, the effective date or the compliance date of Rule 11Ac1-1 (§ 240.11Ac1-1) or Rule 11Ac1-4 (§ 240.11Ac1-4), or amendments to Rule 11Ac1-1 or Rule 11Ac1-4, with respect to any party affected by such rules.

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By the Commission.

Dated: January 2, 1997.

Margaret H. McFarland,

Deputy Secretary.

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17 CFR Part 240

[Release No. 34-38139; File No. S7-30-95

RIN 3235-AG66]

Order Execution Obligations

AGENCY: Securities and Exchange Commission.

ACTION: Final rule; Revised Effective Date; Revised Compliance Dates.

SUMMARY: The Securities and Exchange Commission is delaying the effective date and compliance dates for Rule 11Ac1-4 ("Limit Order Display Rule") and amendments to Rule 11Ac1-1 ("ECN Amendment") (cumulatively "Order Execution Rules").

DATES: Effective Date: The effective date shall be January 20, 1997 for § 240.11Ac1-4 and amendments to § 240.11Ac1-1, published on September 12, 1996 (61 FR 48290), and revised by rule published on January 9, 1997, except that the effective date for § 240.11Ac1-1(a)(25)(ii) remains April 10, 1997.

Compliance Dates: Each of the first three scheduled phase-in dates for compliance with the Order Execution Rules are being delayed one week, so that the first compliance date with respect to exchange-traded securities and 50 Nasdaq stocks shall be January 20, 1997, the phase-in date for an additional 100 Nasdaq securities shall be February 7, 1997, and the phase-in date for an additional 850 Nasdaq securities shall be February 28, 1997.

FOR FURTHER INFORMATION CONTACT: Betsy Prout Lefler, Special Counsel, Gail Marshall-Smith, Special Counsel, or David Oestreicher, Special Counsel, (202) 942-0158, Division of Market Regulation, Securities and Exchange Commission, 450 Fifth Street, N.W., Mail Stop 5-1, Washington, D.C. 20549.

SUPPLEMENTARY INFORMATION:

I. Background

On August 28, 1996, the Securities and Exchange Commission

¹ Securities Exchange Act Release No. 37619A (September 6, 1996), 61 FR 48290 ("Adopting Release").

² 17 CFR 240.11Ac1-4(d); 17 CFR 240.11Ac1-1(d).

³ 17 CFR 200.30-3.

⁴ 5 U.S.C. 553(B)(3)(A).

("Commission") adopted Rule 11Ac1-4,¹ the "Limit Order Display Rule," and amendments to Rule 11Ac1-1, the "ECN Amendment," to require OTC market makers and exchange specialists to display certain customer limit orders, and to publicly disseminate the best prices that the OTC market maker or exchange specialist has placed in certain electronic communications networks ("ECNs"), or to comply indirectly with the ECN Amendment by using an ECN that furnishes the best market maker and specialist prices therein to the public quotation system.² In the Adopting Release, the Commission deemed the effective date of these initiatives January 10, 1997. Thereafter, the Commission modified the effective date of the rules to January 13, 1997, and established compliance dates with respect to the Limit Order Display Rule and the ECN Amendment so that compliance with the rules would be phased-in over several months.³

In order to allow market participants more time to adapt to the Order Execution Rules and the National Association of Securities Dealers' recently proposed amendments to its Small Order Execution System, SelectNet, and other rules to accommodate the Order Execution Rules, the Commission is hereby modifying the effective dates and compliance dates as follows: (1) the effective date for the Limit Order Display Rule and the amendments to the Quote Rule adopted August 28, 1996, shall be January 20, 1997. The effective date for the Quote Rule definition of "subject security," § 240.11Ac1-1(a)(25)(ii), remains April 10, 1997; (2) each of the first three scheduled phase-in dates for compliance with the Order Execution Rules are being delayed one week, so that the first compliance date with respect to exchange-traded securities and 50 Nasdaq stocks shall be January 20, 1997, the phase-in date for an additional 100 Nasdaq securities shall be February 7, 1997, and the phase-in date for an additional 850 Nasdaq securities shall be February 28, 1997. The remaining compliance dates for the Limit Order Display Rule and the ECN Amendment remain unchanged.

¹ 17 CFR 240.11Ac1-4.

² The Commission also amended subsection (a)(25)(ii) of the Quote Rule, thereby expanding the coverage of the Quote Rule to all exchange-traded securities. Thereafter, the Commission determined that it was appropriate to make this aspect of the amendments effective April 10, 1997. See Securities Exchange Act Release No. 38110, *infra* note 3. The present order does not change that date and, therefore, the effective date of subsection (a)(25)(ii) of the Quote Rule remains April 10, 1997.

³ See Securities Exchange Act Release Nos. 37972 (November 22, 1996), and 38110 (January 2, 1997).

For the Commission, by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30(a)(62).

Dated: January 8, 1997.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-823 Filed 1-9-97; 8:45 am]

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DEPARTMENT OF THE TREASURY

Bureau of Alcohol, Tobacco and Firearms

27 CFR Part 55

[Notice No. 845; Re: Regulatory Flexibility Act (Public Law 96-354)]

RIN 1512-AB48

Explosive Materials in the Fireworks Industry

AGENCY: Bureau of Alcohol, Tobacco and Firearms (ATF), Department of the Treasury.

ACTION: General notice of regulatory review.

SUMMARY: Complying with the Regulatory Flexibility Act (Public Law 96-354), the Bureau of Alcohol, Tobacco and Firearms (ATF) is required to review the regulations in 27 CFR part 55, issued in T.D. ATF-293, effective March 7, 1990. This document requests comments from members of the explosives industry and other interested persons as to the effectiveness of the regulations issued in T.D. ATF-293.

DATES: Comments and/or responses should be received by April 10, 1997.

ADDRESSES: Send written comments to: Chief, Firearms and Explosives Operations Branch, Bureau of Alcohol, Tobacco and Firearms, P.O. Box 50204, Washington, DC 20091-0204, ATTN: Notice No. 845. Copies of written comments received in response to this general notice will be available for public inspection during normal business hours at: ATF Reference Library, Office of Public Affairs and Disclosure, Room 6300, 650 Massachusetts Avenue, NW., Washington, DC 20226.

FOR FURTHER INFORMATION CONTACT:

Mark D. Waller, ATF Specialist, Firearms and Explosives Operations Branch, Bureau of Alcohol, Tobacco and Firearms, (202) 927-8310.

SUPPLEMENTARY INFORMATION:

Background

Due to the number and severity of explosions that have occurred on the premises of special fireworks plants, the

Bureau of Alcohol, Tobacco and Firearms (ATF) issued T.D. ATF-293, 55 FR 3717, which amended certain regulations contained in 27 CFR part 55. The regulations were effective on March 7, 1990.

These amendments implemented storage and recordkeeping requirements for industry members engaged in the manufacturing, importing, dealing, or using of fireworks and implemented the provisions of Pub. L. No. 99-308, 100 Stat. 449 (1986) relating to black powder. Some of the major provisions of the amendments were: (1) Extending the high explosive definition to flash powder and bulk salutes for storage purposes, since these materials can be made to detonate by means of a blasting cap when unconfined; (2) limiting the amount of flash powder used in special fireworks that can be kept outside an approved magazine and in any one processing building during a day's assembling operations to no more than 10 pounds; (3) limiting the amount of other explosive materials that can be kept outside an approved magazine and in any processing building or area during a day's assembling operations to no more than 500 pounds; (4) requiring that processing buildings or areas holding no more than 10 pounds of flash powder or 500 pounds of other explosive materials used in special fireworks be located in accordance with the table of distances in 27 CFR 55.218; (5) established new minimum separation of distance tables applicable to fireworks plants, fireworks process buildings, and fireworks plant magazines; (6) amended the recordkeeping requirements to include information regarding quantity and description of special fireworks; and (7) eliminated the recordkeeping requirements for licensees and permittees selling or disposing of exempt quantities of black powder for sporting, recreational, or cultural purposes in antique firearms or antique devices.

The periodic review of regulations under 5 U.S.C. 610(b) requires agencies to consider the following factors: (1) the continued need for the rule; (2) the nature of complaints or comments received concerning the rule from the public; (3) the complexity of the rule; (4) the extent to which the rule overlaps, duplicates or conflicts with other Federal rules, and, to the extent feasible, with State and local governmental rules; and (5) the length of time since the rule has been evaluated or the degree to which technology, economic conditions, or other factors have changed in the area affected by the rule.