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

The foregoing rule change has become effective immediately pursuant to Section 19(b)(3)(A)(ii) of the Act and subparagraph (e) of Rule 19b–4 thereunder in that it establishes or changes a due, fee or other charge.

At any time within 60 days of the filing of a rule change pursuant to Section 19(b)(3)(A) of the Act, the Commission may summarily abrogate the 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 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 file number SR–NASD–97–55 and should be submitted by September 9, 1997.

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

[FR Doc. 97–21906 Filed 8–18–97; 8:45 am]

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[4] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–38925; File No. SR–NASD–97–54]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to Computer-to-Computer Interface Circuit Fees for Non-NASD Members

August 12, 1997.

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 July 28, 1997, the Nasdaq Stock Market, Inc. (''Nasdaq'') 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 Nasdaq. 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

Nasdaq is proposing to amend Rule 7010 of the National Association of Securities Dealers, Inc. (''NASD'' or ''Association''), to charge Computer-to-Computer Interface (''CTCI'') subscribers that are not NASD members a circuit fee of $200 per month for each circuit. Proposed new language is in italics.

7010. System Services

(a)–(g) No Change

(h) Nasdaq Workstation tm Service

(1) No Change

(2) No Change

(3) The following charges shall apply for each CTCI subscriber:

Service Charge $200/month per CTCI circuit

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

In its filing with the Commission, Nasdaq 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. Nasdaq has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

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 charge CTCI subscribers that are not NASD members a circuit fee of $200 per month for each circuit. Firms employ CTCI between their in-house computer systems and Nasdaq for a variety of functions, the most prevalent being order entry into the Small Order Execution System (''SOES'') and the reporting of transactions into the Automated Confirmation Transaction Service (''ACT''). Nasdaq currently supports a total of 449 circuits.

Although most users of CTCI are NASD members, a small number are not. Specifically, these are mutual funds or their pricing agents that may use CTCI for transmitting net asset values (''NAVs'') each day to Nasdaq's Mutual Fund Quotation Service. To ensure that the costs are uniformly allocated among all CTCI subscribers, Nasdaq is proposing to apply the circuit charge to these subscribers as well.

The CTCI network is presently managed by MCI Communications Corp., which is responsible for customer services including installation, relocation and trouble shooting. Subscribers pay a monthly fee to MCI for each recruit in use. Nasdaq does not currently charge CTCI subscribers beyond the fees associated with the transaction services supported by the CTCI network.

The new fee structure is necessary due to adjustments and enhancements that Nasdaq has already made to support capacity for trading days of 1 billion shares currently, 1.5 billion shares by the end of 1997, and 2 billion shares in 1998. As the number of CTCI circuits grows, the potential to exceed capacity limits in the CTCI supported services, notably ACT and SOES, likewise increases. As a consequence, additional infrastructure enhancements will be required to maintain the level of support required to run these services at an acceptable level of performance. In addition to future systems enhancements, Nasdaq continues to incur costs for the support of CTCI circuits and subscribers. These costs include hardware and software enhancements and upgrades for the communications interfaces with Nasdaq systems, support of the subscriber database, customer telephone support and Nasdaq staff planning and provisioning for CTCI. A recent activity-based costing analysis indicated that these costs total approximately $1.1

million annually, which Nasdaq seeks to recover through this fee.

Nasdaq believes that the proposed rule change is consistent with the provisions of Section 15A(b)(5) of the Act,[3] which requires that the rules of the NASD provide for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which the NASD operates or controls.

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

Nasdaq 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 persons 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 reasons for so finding or (ii) as to which the self-regulatory organization 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, 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. Copies of such filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to file number SR–NASD–97–54 and should be submitted by September 9, 1997.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–21907 Filed 8–18–97; 8:45 am]

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[3] 15 U.S.C. § 78*o*–3.

[4] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–38927; File No. SR–PCX–97–21]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Pacific Exchange, Inc. Relating to the Suspension of its Automatic Execution System (''Auto-Ex'') During Unusual Market Conditions

August 12, 1997.

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 June 4, 1997, the Pacific Exchange, Inc. (''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 self-regulatory organization.[3] 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 Exchange is proposing to adopt new rules on the suspension of its Automatic Execution System (''Auto-Ex'') for options trading during unusual market conditions, and the maximum bid-ask spread differentials that are permitted during unusual market conditions. The text of the proposed rule change is available at the Exchange.

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 self-regulatory organization 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 self-regulatory organization 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

Statement of Purpose

The Exchange is proposing to modify its Rule 6.28 (''Unusual Market Conditions'') to address situations involving system failures, ranging from ''frozen screens'' in an issue (where quote changes are entered into the system, but such changes are not reflected in the market being disseminated) to a floor-wide system malfunction of the POETS system (where all screen displays on the floor fail).[4] Rule 6.28 currently provides that whenever an Options Floor Official determines that ''an unusual condition or circumstance'' exists, because of an influx of orders or other unusual conditions or circumstances, and the interests of maintaining a fair and orderly market so require, such official may declare a ''fast market'' in one or more classes of option contracts.[5] The proposed amendments are designed to provide additional safeguards and procedures to deal with such situations.

First, the Exchange is proposing to modify subsection (a) of Rule 6.28 to require the agreement of two Options Floor Officials before a ''fast market'' can be declared. Second, the Exchange is proposing to add a new subsection (b)(7), to allow the Options Floor Officials who have declared a fast market to suspend the Auto-Ex if, because of an influx of orders or other unusual market conditions or circumstances, they determine that such action is appropriate in maintaining a fair and orderly market. The initial suspension of Auto-Ex is limited to five minutes and a Floor Governor must be notified immediately. Suspension of

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] This notice includes Amendment No. 1 to the proposed rule change, supplementing the Statement of Purpose in Section II, which was filed with the Commission on August 8, 1997. *See* letter from Michael D. Pierson, Office of Regulatory Policy, Pacific Exchange, to Mandy S. Cohen, Office of Market Supervision, Division of Market Regulation, Commission (dated August 7, 1997).

[4] ''POETS'' is an acronym for the Pacific Options Exchange Trading System.

[5] *See also* PCX Options Floor Procedure Advice G–9 (''Fast Market Procedures'').