

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

The Exchange does not believe that the proposed rule change will impose a burden on competition.

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

No comments were solicited or received.

III. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submission 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 also will be available for inspection and copying at the Exchange. All submissions should refer to file number SR-CHX-97-34 and should be submitted by January 30, 1998.

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

The Commission finds that the Exchange's proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange. Specifically, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹² which requires that an exchange have rules 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. The Commission also believes that the proposal is consistent

with Section 11A(1)(D) and 11A(a)(1)(C) of the Act.

The CHX rules establish execution procedures and guarantees that attempt to provide an execution reflective of the best quotes among OTC market makers and specialists in Nasdaq/NM securities without subjecting CHX specialists to execution guarantees that are substantially greater than those imposed on their competitors. The Commission believes the pilot to not require automatic execution for Nasdaq/NM securities when the specialist is not quoting at the NBBO, and to allow the specialist to execute the order as agent, is intended to conform CHX specialist obligations to those applicable to OTC market makers in Nasdaq/NM securities, while recognizing that the CHX provides a separate, competitive market for Nasdaq/NM securities. The Commission finds that the pilot should continue until March 31, 1998, to provide the Commission adequate time to assess the requisite data from the Exchange and determine if approval on a permanent basis is warranted. In addition, the Commission is extending, until March 27, 1998, the pilot permitting CHX specialists to maintain a minimum quotation size of 100 shares for fifty Nasdaq/NM securities.¹³ The Commission believes that extending these pilots preserves conformity between that which is required of a CHX specialists in a Nasdaq/NM security and that which is required of a Nasdaq market maker in the same security.

The Commission therefore finds good cause for approving the proposed rule change (SR-CHX-97-34) prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register**.

It is therefore ordered, pursuant to Section 19(b)(2),¹⁴ that the proposed rule change be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁵

Margaret H. McFarland,

Deputy Secretary.

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¹³ See Securities Exchange Act Release No. 38156 (January 10, 1998), 62 FR 2415 (January 16, 1997), order approving reduction in the minimum quotation size for Nasdaq market makers in fifty Nasdaq/NM securities. A list of the 50 Nasdaq/NM securities is located on the Nasdaq website (www.nasdaq.com).

¹⁴ 15 U.S.C. § 78s(b)(2).

¹⁵ 17 CFR 200.30-3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39502; File No. SR-MSRB-97-13]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Municipal Securities Rulemaking Board To Revise the Effective Date of the Revised Study Outline for the Board's Municipal Securities Principal Qualification Examination (Test Series 53)

December 30, 1997.

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 December 18, 1997, 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-97-13). The proposed rule change is described in Items I, II, and III below, which Items have been prepared by the Board. 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 herewith a proposed rule change to delay the effective date of the revised study outline for the Board's Municipal Securities Principal Qualification Examination (Test Series 53). The effective date of the revised study outline is being changed from January 1, 1998, to March 1, 1998.

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 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 October 16, 1997, the Board filed with the Commission a proposed rule

¹² 15 U.S.C. 78f(b)(5).

change (File No. SR-MSRB-97-7) to revise the study outline for the Municipal Securities Principal Qualification Examination (Test Series 53). The Board requested that the Commission delay the effectiveness of the revised study outline until January 1, 1998, in order to provide time to modify the examination to reflect the changes and for information concerning the revised outline to be distributed to the industry. The Commission approved the proposed rule change on November 12, 1997.¹

It has come to the Board's attention that the revised Series 53 examination cannot be implemented by January 1, 1998. The Board has determined to delay implementation of the revised Series 53 examination until March 1, 1998, in order to provide adequate time for the network of Sylvan Technology Centers to prepare for administration of the examination.² This additional time will allow the Sylvan Technology Centers to ensure that procedures for the implementation of the revised Series 53 examination are in place, including an adequate supply of exhibit books for the examination in each testing location.

It is the Board's responsibility under Section 15B(b)(2)(A) of the Act to propose and adopt rules which:

Provide that no municipal securities broker or municipal securities dealer shall effect any transaction in, or induce or attempt to induce the purchase or sale of, any municipal security unless * * * such municipal securities broker or municipal securities dealer and every natural person associated with such municipal securities broker or municipal securities dealer meets such standards of training, experience, competence, and such other qualifications as the Board finds necessary or appropriate in the public interest or for the protection of investors.

Section 15B(b)(2)(A) of the Act also provides that the Board may appropriately classify municipal securities brokers and municipal securities dealers and their associated personnel and require persons in any such class to pass tests prescribed by the Board.

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

The Board has designated this proposed rule change as constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of the Board under Section 19(b)(3)(A) of the Act, which renders the proposed rule change effective upon receipt of this filing by the Commission. At any time within 60 days of the filing of such 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 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 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-97-13 and should be submitted by January 30, 1998.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.³

Margaret H. McFarland,
Deputy Secretary.

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³ 17 CFR 200.30-3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39516; File No. SR-NASD-97-21]

Self-Regulatory Organizations; Order Approving Proposed Rule Change and Amendment No. 1 by the National Association of Securities Dealers, Inc. Relating to Registration Category, Study Outline and Specifications for Series 55 Examination, Equity Trader

January 2, 1998.

I. Introduction

On March 26, 1997, the National Association of Securities Dealers, Inc. ("NASD" or "Association") 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 adopt a new registration category, Equity Trader, and a new examination, Series 55.

The proposed rule change and Amendment No. 1³ were published for comment in the **Federal Register** on April 28, 1997.⁴ One comment was received on the proposal.⁵ This order approves the proposal, as amended.

II. Description of the Proposal

The NASD proposes to adopt NASD Rule 1032(f)(1), which will require each registered representative who engages in proprietary or agency trades of equities, preferred securities or convertible debt securities, or who directly supervises such activities, to register as a limited representative-equity trader. In order to register as a limited representative-equity trader, the representative must be registered as a general securities representative or as a limited

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Letter from Craig L. Landauer, Associate General Counsel, NASD Regulation, to Yvonne Fraticelli, Esq., Division of Market Regulation, Commission, dated April 11, 1997 ("Amendment No. 1"). In Amendment No. 1, the Association clarified that registered representatives who have been "grandfathered" from taking the General Securities Representative (Series 7) or Limited Representative-Corporate Securities Examination (Series 62) will not be required to take either examination in order to qualify to take the Limited Representative-Equity Trader Examination (Series 55).

⁴ See Securities Exchange Act Release No. 38534 (April 21, 1997), 62 FR 22984.

⁵ See Letter from Dennis Marino, Chairman, and John N. Tognino, President, Security Traders Association ("STA"), to Jonathan G. Katz, Secretary, Commission, dated June 2, 1997. In its letter, the STA supported the proposed Series 55 examination, noting that "[e]ntry qualifications and testing are the foundation for building investor confidence in the securities market."

¹ Securities Exchange Act Release No. 39320 (Nov. 12, 1997), 62 FR 61857 (Nov. 19, 1997).

² The Board has agreements with the National Association of Securities Dealers, Inc. to administer the Board's examinations. In 1996, NASD Regulation, Inc. contracted with Sylvan Learning Systems, Inc. to administer testing and continuing education to the securities industry.