

any inappropriate 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 were either solicited or received.

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

Because the foregoing proposed rule change: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; (3) does not become operative for 30 days from June 22, 1999, the date on which it is filed, and because the Exchange provided the Commission with written notice of its intent to file the proposed rule change at least five business days prior to the filing date, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder.⁵ At any time within 60 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 the furtherance of the purposes of the Act.⁶

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. 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 Room. Copies of such filing will also be available for inspection and copying at the principal office of the Amex. All submissions should refer to the File No. SR-Amex-

99-22 and should be submitted by July 23, 1999.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41563; File Nos. SR-BSE-97-07 and SR-BSE-99-09]

Self-Regulatory Organizations; Notice of Withdrawal of Proposed Rule Change and Amendment No. 1 Thereto by the Boston Stock Exchange, Inc. Relating to Its Specialist Performance Evaluation Program and Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Boston Stock Exchange, Inc. Relating to Its Specialist Performance Evaluation Program

June 25, 1999.

On October 8, 1998, the Boston Stock Exchange, Inc. ("BSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (SR-BSE-98-07), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² to amend the depth measure calculations in its Specialist Performance Evaluation Program ("SPEP") pilot program. The Exchange submitted Amendment No. 1 to its proposed rule change (SR-BSE-98-07) on November 13, 1998.³ Notice of the proposed rule change, as amended, was published on December 11, 1998, in the **Federal Register**, to solicit comment from interested persons.⁴ On December 17, 1998, the Exchange submitted Amendment No. 2 to its proposal.⁵ On

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ In Amendment No. 1, the Exchange requested permanent approval of the SPEP pilot program and deleted its request for accelerated approval and retroactive implementation of the proposed rule change. See Rule 19b-4 filing, SR-BSE-98-07, dated November 6, 1998 ("Amendment No. 1").

⁴ Securities Exchange Act Release No. 40746 (December 3, 1998), 63 FR 68490 (December 11, 1998).

⁵ In Amendment No. 2, the Exchange (1) requested an extension of the SPEP pilot program for a six-month period ending on June 30, 1999, or until the Commission approves the Exchange's proposal to make it permanent, whichever occurred first, and (2) made a technical change to its rule. See Letter From Karen A. Aluisse, Vice President, Exchange, to Richard Strasser, Assistant Director, Division of Market Regulation ("Division"),

December 28, 1998, the Commission noticed and granted accelerated approval of Amendment No. 2.⁶ On June 10, 1999, the Exchange withdrew those portions of its proposed rule change relating to permanent approval of the SPEP pilot program and to the proposed changes to its depth measures.⁷

Pursuant to Section 19(b)(1) of the Act,⁸ and Rule 19b-4 thereunder,⁹ notice is hereby given that on June 10, 1999, the Exchange filed with the Commission the proposed rule change (SR-BSE-99-09), which requests that the Commission approve an extension of the SPEP pilot until March 31, 2000. The proposed rule change is described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and to grant accelerated approval to this rule proposal.

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

The Exchange proposes to extend its SPEP pilot program until March 31, 2000.¹⁰

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 Exchange 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 III below. The Exchange 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

1. Purpose

The Exchange regularly evaluates the performance of its specialists under the SPEP pilot program. Under the SPEP

Commission, dated December 14, 1998 ("Amendment No. 2").

⁶ Securities Exchange Act Release No. 40844 (December 28, 1998), 64 FR 1041 (January 7, 1999).

⁷ See Letter from Karen A. Aluisse, Vice President, Exchange, to Richard Strasser, Assistant Director, Division, Commission, dated June 9, 1999.

⁸ 15 U.S.C. 78s(b)(1).

⁹ 17 CFR 240.19b-4.

¹⁰ Telephone conversation between Karen A. Aluisse, Vice President, Exchange, and Terri Evans, Attorney, Division, Commission, on June 17, 1999.

⁵ 17 CFR 240.19b-4(f)(6) (1999).

⁶ 15 U.S.C. 78s(b)(3)(C).

pilot, specialists are evaluated based on objective measures, such as turnaround time, price improvements, depth and added depth. Generally, any specialist who receives a deficient score in one or more objective measures may be required to attend a meeting with the Performance Improvement Action Committee or the Market Performance Committee.¹¹

The current pilot program will expire on June 30, 1999. The Exchange seeks to extend its SPEP pilot until March 31, 2000, while the Exchange considers revising its depth measure calculations.¹²

2. Statutory Basis

The statutory basis for the proposed rule change is Section 6(b)(5) of the Act,¹³ in that it is designed 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 securities; 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; and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers.

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

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

III. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. 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 in Washington, DC. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-BSE-99-09 and should be submitted by July 23, 1999.

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

The Commission finds that the BSE's proposal to extend the SPEP pilot program until March 31, 2000, is consistent with the requirements of the Act and the rules and regulation thereunder. Specifically, the Commission finds that the amendment is consistent with Section 6(b)(5) of the Act,¹⁴ which requires that the rules of the Exchange be designed 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 believes that the proposed nine-month extension of the pilot program should allow the Exchange to continue to assess specialist performance while allowing the Exchange adequate time to consider amending its two depth measure calculations.

The Commission finds good cause for granting the Exchanges' request for a nine-month extension of the SPEP pilot prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register**. Among the obligations imposed upon specialists by the Exchange, and by the Act and the rules promulgated thereunder, is the maintenance of fair and orderly markets in their securities. To ensure that specialists fulfill these obligations, it is important that the Exchange be able to evaluate specialist performance. The BSE's SPEP pilot assists the Exchange in conducting its evaluation. Therefore, the Commission believes good cause exists to approve the extension of the pilot program until March 31, 2000, on an accelerated basis. Accordingly, the Commission believes that granting accelerated approval of the requested

extension is appropriate and consistent with Sections 6(b)(5) and 19(b)(2) of the Act.¹⁵

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁶ that the proposed rule change (SR-BSE-99-09) is hereby approved on an accelerated basis until March 31, 2000.¹⁷

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁸

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41560; File No. SR-NASD-98-96]

Self-Regulatory Organizations; Order Granting Approval to Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Amendments to Forms U-4 and U-5

June 25, 1999.

I. Introduction

On December 18, 1998, the National Association of Securities Dealers, Inc. ("NASD" or "Association"), through its wholly owned subsidiary NASD Regulation, Inc. ("NASD Regulation" or "NASDR"), filed with the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder.² In its proposal, NASD Regulation seeks to amend disclosure question on Form U-4, The Uniform Application for Securities Industry Registration or Transfer, and Form U-5, The Uniform Termination Notice for Securities Industry Registration, (collectively "Proposed Forms") and to implement the World Wide Web-based Central Registration Depository ("Web CRD"). Notice of the proposal, as amended by Amendment No. 1, Amendment No. 2, and Amendment No. 3, was published in the **Federal Register** on April 30, 1999 ("Notice").³

¹⁵ 15 U.S.C. 78f(b)(5) and 78s(b)(2).

¹⁶ 15 U.S.C. 78s(b)(2).

¹⁷ In approving the proposed rule change, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 41326 (April 22, 1999), 64 FR 23366 (File No. SR-NASD-98-96).

¹¹ *Id.*

¹² The Exchange plans on seeking permanent approval of the SPEP pilot at the same time that it submits its revised depth measure calculations. *Id.*

¹³ 15 U.S.C. 78f(b)(5).

¹⁴ 15 U.S.C. 78f(b)(5).