

the CHX: (1) To trade Nasdaq-100 Shares, on a UTP basis, in increments of $\frac{1}{64}$ th of \$1.00, and (2) to adopt a disclaimer of liability rule relating to the Nasdaq-100 Index, consistent with the license agreement between Nasdaq and the Exchange.

The Exchange has requested that the Commission find good cause pursuant to Section 19(b)(2) of the Act for approving the proposed rule change prior to the thirtieth day after the publication of the proposal in the **Federal Register**. The Commission believes that such action is appropriate, in that the proposed rule change establishes the same minimum trading variation as the Amex has adopted for Nasdaq-100 Shares. Further, the proposed rule relating to the disclaimer of liability with respect to the Nasdaq-100 Index is also identical to the disclaimer of liability adopted by the Amex.¹³ For the reasons set forth above, the Commission does not believe that this proposal raises any new regulatory issues. Accordingly, the Commission finds that there is good cause for approving the proposed rule change prior to the thirtieth day after the publication of the proposal in the **Federal Register**.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁴ that the proposed rule change is hereby approved on an accelerated basis.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-17934 Filed 7-13-99; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41604; File No. SR-MSRB-99-6]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Municipal Securities Rulemaking Board To Revise the Test Specifications and Study Outline for the Board's Municipal Securities Representative Qualification Examination (Test Series 52)

July 7, 1999.

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 23, 1999,³ the Municipal Securities Rulemaking Board ("Board" or "MSRB") 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 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 Board is filing the proposed rule change to revise the test specifications and study outline for the Board's Municipal Securities Representative Qualification Examination (Test Series 52). The Board requests that the Commission delay the effectiveness of the revised study outline until August 1, 1999, in order to provide time to modify the examination to reflect the changes to the test specifications in the study outline and to circulate to the industry information concerning the revisions.

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

1. Purpose

The Series 52 examination qualifies a candidate as a municipal securities representative.⁴ A candidate may also qualify as a municipal securities representative by taking the General Securities Representative Examination (Test Series 7), which borrows questions from the Series 52 examination. Specific subjects and questions have been updated from time to time in the Series 52 examination to reflect changes in Board rules or applicable federal regulations. An ad hoc committee from the Board's Professional Qualifications Advisory Committee ("PQAC")⁵ determined that coverage of certain subject areas in the study outline should either be expanded to provide greater detail to candidates studying for the Series 52 examination or de-emphasized to reflect changed practices and products within the municipal securities industry. Topics that are no longer relevant were deleted and other topics were added or revised to reflect additions to or changes in practices,

⁴ MSRB Rule G-3(a)(i) defines the term "municipal securities representative" as: a natural person associated with a broker, dealer or municipal securities dealer, other than a person whose functions are solely clerical or ministerial, whose activities include one or more of the following: (A) Underwriting, trading or sales of municipal securities; (B) financial advisory or consultant services for issuers in connection with the issuance of municipal securities; (C) research or investment advice with respect to municipal securities; or (D) any other activities which involve communication, directly or indirectly, with public investors in municipal securities; provided, however, that the activities enumerated in subparagraphs (C) and (D) above shall be limited to such activities as they relate to the activities enumerated in subparagraphs (A) and (B) above.

⁵ PQAC is composed of the Representative Examination Subcommittee and the Principal Examination Subcommittee. The subcommittees are composed of individuals with extensive experience in the securities industry. The committee members are employed by securities firms and bank dealers and come from diverse geographic locations.

¹³ The Amex Disclaimer of liability provision was approved in Securities Exchange Act Release Nos. 41119 (February 26, 1999), and 41562 (June 25, 1999). It was subject to the full notice and comment process in Securities Exchange Act Release No. 41119 and no comments were received with respect to the disclaimer.

¹⁴ 15 U.S.C. 78s(b)(2).

¹⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Board filed the proposed rule change to replace the File No. SR-MSRB-99-05, which it withdrew on June 23, 1999. The proposed rule change has been filed by the Board as a non-controversial rule change under Rule 19b-4(f)(6) under the Act. On May 20, 1999, the Board provided the Commission with written notice of its intent to file the proposed rule change, which was at least five days prior to the filing date, as required by Rule 19b-4(f)(6).

products, and Board rules since the outline was last revised. The revised outline also provides for the inclusion of new Board rules as they are promulgated.

In the revised study outline, existing topics have been expanded to include the following terms, products, or concepts:

- taxable municipals
- multi-modal
- tax-exempt commercial paper
- forwards (forward delivery)
- capital appreciation bonds (zeros)
- current refundings
- advance refunding
- de minimis exemption on OID bonds
- Bloomberg, BOND EXPRESS and BONDTRAC
- swing coupon
- locked market
- municipal bond contract
- municipal over bond (MOB) spread
- growth
- speculation
- tax law changes
- construction fund
- enhanced securities
- letters of credit
- guaranteed investment contract (GIC)
- advance refunded
- insured
- average life (sinking fund)
- dollar value of a basis point
- convexity
- derivatives
- value of a plus (1/64)
- Consumer Price Index (CPI)
- unemployment rate
- housing starts
- foreign trade deficits
- purchasing manager's report
- leading/lagging/co-existent indicators
- Producer Price Index (PPI)
- gross domestic product
- international economic activity
- compression

Major topics added since the last published revision of the study outline are:

- duration (under the heading of mathematical calculations and methods)
- rule G-37, on political contributions and prohibitions on municipal securities business
- rule G-38, on consultants
- rule G-39, on telemarketing

Major topics deleted since the last published revision of the study outline are:⁶

- New/Public Housing Authority (NHA/PHA) bonds
- Mortgage backed bonds
- Pass-through securities
- Flower bonds
- Arbitration (rule G-35)

The test specifications allocate exam questions among the various topics. The test specifications have been revised to provide for greater emphasis under the topic areas of Economic Activity, Government Policy and Factors Affecting Interest Rates and Federal Legal Considerations. The examination will remain a three-hour 100 question examination administered by NASD Regulation, Inc. using the PROCTOR system.

2. Statutory Basis

The Board believes the proposed rule change is consistent with Section 15B(b)(2)(A)⁷ of the Act, which requires the Board to propose and adopt rules that ensure that no municipal securities broker or dealer effects transactions in municipal securities without meeting the standards of training, experience, competence, and other qualifications determined by the Board to be 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 proposed rule change will become effective upon filing pursuant to Section 19(b)(3)(A)⁸ of the Act, and Rule 19b-4(f)(6)⁹ thereunder, in that it: (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 (30) days from the date of its filing on June 23, 1999. In particular, the Commission believes the proposed rule change qualifies as a non-controversial filing because 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, including whether the proposed rule change is consistent with the Act. Persons making written submission 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. Copies of the filing will also be available for inspection and copying at the Board's principal offices. All submissions should refer to the File No. SR-MSRB-99-6 and should be submitted by August 4, 1999.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 99-17886 Filed 7-13-99; 8:45 am]

BILLING CODE 8010-01-M

⁶ Phone call between Ronald W. Smith, Senior Legal Associate, MSRB, and Sonia Patton, Attorney, Division of Market Regulation, Commission, on July 6, 1999.

⁷ 15 U.S.C. 78o-4(b)(2)(A).

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(6).

¹⁰ 17 CFR 200.30-3(a)(12).