

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 at the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of the CBOE. All submissions should refer to File No. SR-CBOE-99-28 and should be submitted by October 21, 1999.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-25386 Filed 9-29-99; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41910; File No. SR-MBSCC-99-07]

Self-Regulatory Organizations; MBS Clearing Corporation; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Modifying Rules Regarding Year 2000

September 23, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on September 20, 1999, MBS Clearing Corporation ("MBSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which items have been prepared primarily by MBSCC. The Commission is publishing this notice and order to solicit comments from interested persons and to grant accelerated approval of the proposal.

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

Under the proposed rule change, MBSCC will not activate any new or additional clearing participant accounts or electronic pool notification ("EPN") participant accounts (other than updating EPN subaccount information) or provide any new or additional services to clearing participants or EPN

participants and will freeze all nonemergency code releases after November 30, 1999, through January 26, 2000, which is the completion date of the first settlement cycle in the Year 2000, or such later date as MBSCC reasonably determines.

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

In its filing with the Commission, MBSCC 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. MBSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The proposed rule change provides that MBSCC will not activate any new or additional clearing participant accounts or EPN participant accounts (other than updating EPN subaccount information) or provide any new or additional services to clearing participants or EPN participants and will freeze all nonemergency code release after November 30, 1999, through January 26, 2000, which is the completion date of the first settlement cycle in the Year 2000, or such later date as MBSCC reasonably determines.³

MBSCC believes that continuing to activate new or additional participant accounts (other than updating EPN subaccount information) or to provide new or additional services to participants or to implement nonemergency code release after November 30, 1999, could potentially be disruptive to the rest of its Year 2000 efforts. Accordingly, MBSCC believes that the proposed rule change will facilitate a smooth Year 2000 transition.

MBSCC believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder. In particular, the proposed rule change is consistent with Section 17A(b)(3)(F) and the Act⁴ which requires that the rules of a clearing agency be designed to

promote the prompt and accurate clearance and settlement of securities transactions and, in general, to protect investors and the public interest.

(B) Self-Regulatory Organization's Statement on Burden on Competition

MBSCC does not believe that the proposed rule change will have an impact on or impose a burden on competition.

(C) Self-Regulatory Organization's Statement on Comment on the Proposed Rule Change Received from Members, Participants, or Others

No written comments relating to the proposed rule change have been solicited or received. MBSCC will notify the Commission of any written comments received by MBSCC.

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

Section 17A(b)(3)(F) of the Act⁵ requires that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions. The Commission finds that the proposed rule change is consistent with this obligation because the proposed modifications to MBSCC's Year 2000 rules will permit MBSCC sufficient time before year end to complete its Year 2000 preparations. As a result, MBSCC should be able to continue to provide prompt and accurate clearance and settlement of securities transactions before, on, and after Year 2000 without interruption.

MBSCC requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after the publication of notice of the filing. The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the publication of notice of the filing because such approval will allow MBSCC to better prepare for a smooth Year 2000 transition.

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, N.W., Washington, D.C. 20549-0609. Copies of the submission, all subsequent

² The Commission has modified the text of the summaries prepared by MBSCC.

³ The proposed rule change modified Addendum A of MBSCC's rules regarding mandatory Year 2000 testing. See Securities Exchange Act Release No. 40889 (January 6, 1999), 64 FR 2691.

⁴ 15 U.S.C. 78q-1(b)(3)(F).

⁵ 15 U.S.C. 78q-1(b)(3)(F).

¹⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

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 will also be available for inspection and copying at the principal office of MBSCC. All submissions should refer to the File No. SR-MBSCC-99-07 and should be submitted by October 21, 1999.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁶ that the proposed rule change (file No. SR-MBSCC-99-07) be and hereby is approved.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 99-25384 Filed 9-29-99; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41907; File No. SR-NASD-99-32]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Firm Quotation Requirements

September 23, 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 17, 1999, the National Association of Securities Dealers, Inc. ("NASD"), through its wholly owned subsidiary, the Nasdaq Stock Market, Inc. ("Nasdaq") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by Nasdaq. On August 25, 1999, Nasdaq filed Amendment No. 1 to the proposal with

the Commission.³ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and to grant accelerated approval to the proposed rule change.

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

Nasdaq is proposing to amend NASD Rule 6750 to provide any Nasdaq officer at the executive vice president level or above with limited discretionary authority to reduce the minimum quotation size for securities quoted at a price exceeding \$200 in the OTC Bulletin Board ("OTCBB"). Below is the text of the proposed rule change. Proposed new language is in *italics*.

* * *

6750. Minimum Quotation Size Requirements For OTC Equity Securities

(a) Every member firm that functions as a market maker in OTC Equity Securities by entering firm quotations into the OTC Bulletin Board Service (OTCBB) (or any other inter-dealer quotation system that permits quotation updates on a real-time basis) must honor those quotations for the minimum size defined in the table below. In this regard, it is the market maker's responsibility to determine the minimum size requirement applicable to its firm bid and/or offer in each of its registered securities (excluding OTC Equity Securities for which the OTCBB will not accept firm quotations). Depending on the price level of the bid or offer, a different minimum size can apply to each side of the market being quoted by the member firm in a given security.

Price (bid or offer)	Minimum quote size
0 to .50*	5,000
.51 to 1.00	2,500
1.01 to 10.00	500
10.01 to 100.00	200
100.01 to 200.00	100
200.01 plus	50

A Nasdaq officer at the Executive Vice President level or above, within its discretion, may modify the minimum quotation size for those securities with a price exceeding \$200.

(b) no change.

³ Letter from Robert E. Aber, Senior Vice President and General Counsel, Nasdaq, to Richard Strasser, Assistant Director, Division of Market Regulation, Commission, dated August 24, 1999 ("Amendment No. 1"). Amendment No. 1 was received by the Commission on August 25, 1999, the substance of which is incorporated into this notice.

*The OTCBB can accept bids/offers expressed in fractions as small as 1/256 or in decimals up to six places. In applying the price test for minimum quotation size, any increment beyond an upper limit in the right hand column will trigger application of the minimum quote size for the next tier. For example, a bid (or offer) of \$.505 must be firm for a size of 2,500 shares.

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 III below. Nasdaq 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

Nasdaq is proposing to provide any officer at the executive vice president level or above⁴ with limited discretionary authority to modify the minimum quotation size for securities quoted on the OTCBB that exceed a price of \$200. Nasdaq believes that this authority is necessary to correct a previously unforeseen problem with the schedule contained in NASD Rule 6750, which presently mandates that securities priced over \$200 be traded in units of 50 shares or more. For certain highly priced and/or thinly-traded securities, this rule has had an undesired and detrimental effect on transparency and liquidity.

NASD Rule 6750 was approved by the Commission in 1993⁵ as the NASD and market makers were first beginning to gain significant experience in dealing with the OTCBB. Prior to implementation of the rule, all quotations on the OTCBB were required to be firm for 100 shares. This approach soon proved unworkable for lower priced securities because a quote for 100 shares could represent an insignificant aggregate dollar value commitment to the market.

To remedy this situation, the NASD implemented Rule 6750 which specified minimum quotation sizes for securities priced at \$200 and below on a

⁴ See Amendment No. 1.

⁵ Exchange Act Release No. 32570 (July 1, 1993); 58 FR 36725 (July 8, 1993).

⁶ 15 U.S.C. 78s(b)(2).

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.