

information with respect to, and facilitating transactions in securities.

#### *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 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**

Because the foregoing proposed rule change does not:

- (i) Significantly affect the protection of investors or the public interest;
- (ii) Impose any significant burden on competition; and
- (iii) Become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>9</sup> and Rule 19b-4(f)(6) thereunder.<sup>10</sup> 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 furtherance of the purposes of the Act.

Nasdaq has requested that the Commission waive the 30-day pre-operative waiting period. The Commission finds good cause to designate the proposal to become immediately operative upon filing, because such designation is consistent with the protection of investors and the public interest. Acceleration of the operative date will allow the pilot to continue without interruption through March 1, 2001. The Commission believes the pilot provides beneficial information and services to investors, and that acceleration of the operative date will ensure that those benefits do not lapse. For these reasons, the Commission finds good cause to waive the 30-day operative waiting period, and to designate that the proposal become operative immediately.<sup>11</sup>

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

<sup>11</sup> For purposes only of accelerating the operative date of this proposal, the Commission has considered the proposed rule's impact on

### **IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposal 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 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-00-56 and should be submitted by October 17, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 00-24640 Filed 9-25-00; 8:45 am]

**BILLING CODE 8010-01-M**

### **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-43303; File No. SR-NASD-00-52]

#### **Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to an Alternative Method of Reporting Riskless Principal Trades**

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August 30, 2000, the National Association of Securities Dealers, Inc. ("NASD" or "Association"), through its wholly owned subsidiary, The Nasdaq Stock Market, Inc. ("Nasdaq") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed

efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>12</sup> 17 CFR 200.30-3(a)(12)

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

rule change as described in Items I, II and III below, which Items have been prepared by Nasdaq. Nasdaq filed the proposal pursuant to Section 19(b)(3)(A) of the Act,<sup>3</sup> and Rule 19b-4(f)(6) thereunder,<sup>4</sup> which renders the proposal effective upon filing with the Commission.<sup>5</sup> 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 proposes to amend NASD Rules 4632, 4642, 4652, 6130, 6420, and 6620, regarding Nasdaq, non-Nasdaq over-the-counter ("OTC") equity, and Nasdaq InterMarket<sup>6</sup> riskless principal trade-reporting, to provide members with an alternative method for complying with the riskless principal trade reporting rules, to add a new "riskless principal" capacity indicator symbol, and to make technical changes to NASD Rule 6420. The text of the proposed rule change is below. Proposed new language is in italics.

\* \* \* \* \*

#### **Rule 4630. Reporting Transactions in Nasdaq National Market Securities**

#### **Rule 4632. Transaction Reporting**

(a) through (c) No Change.  
(d) Procedures for Reporting Price and Volume. Members which are required to report pursuant to paragraph (b) above shall transmit last sale reports for all purchases and sales in designated securities in the following manner:

(1) through (3)(A) No Change.  
(3)(B) Exception. A "riskless" principal transaction in which a member, after having received an order to buy a security, purchases the security as principal at the same price to satisfy the order to buy or, after having received an order to sell, sells the security as principal at the same price to satisfy the order to sell, shall be reported as one transaction in the same manner as an agency transaction, excluding the mark-up or mark-down, commission-equivalent, or other fee. *Alternatively, a member may report a riskless principal transaction by submitting the following report(s) to ACT:*

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(6).

<sup>5</sup> Nasdaq provided written notice to the Commission on August 21, 2000, that it intended to file this proposal. See Rule 19b-4(f)(6)(iii). 17 CFR 240.19b-4(f)(6)(iii).

<sup>6</sup> Nasdaq changed the name of its Third Market to Nasdaq Intermarket. See Nasdaq Press Release, June 13, 2000 at <<http://www.nasdaqnews.com>>.

(i) The member with the obligation to report the transaction pursuant to paragraph (b) above must submit a last sale report for the initial leg of the transaction.

(ii) Regardless of whether a member has a reporting obligation pursuant to paragraph (b) above, the firm must submit, for the offsetting, "riskless" portion of the transaction, either:

a. a clearing-only report with a capacity indicator of "riskless principal," if a clearing report is necessary to clear the transaction; or  
b. a non-tape, non-clearing report with a capacity indicator of "riskless principal," if a clearing report is not necessary to clear the transaction.

**Example:**

SELL as a principal 100 shares to another member at 40 to fill an existing order;

BUY as principal 100 shares from a customer at 40 minus a mark-down of \$12.50;

REPORT 100 shares at 40 by submitting to ACT either a single trade report marked with a "riskless principal" capacity indicator or by submitting the following reports:

(1) where required by this Rule, a tape report marked with a "principal" capacity indicator; and

(2) either a non-tape, non-clearing report or a clearing-only report marked with a "riskless principal" capacity indicator.

(e) through (f) No Change.

\* \* \* \* \*

**Rule 4640. Reporting Transactions in Nasdaq SmallCap<sup>SM</sup> Market Securities**

**Rule 4642. Transaction Reporting**

(a) through (c) No Change.

(d) Procedures for Reporting Price and Volume. Members which are required to report pursuant to paragraph (b) above shall transmit last sale reports for all purchases and sales in designated securities in the following manner:

(1) through (3)(A) No Change.

(3)(B) Exception. A "riskless" principal transaction in which a member, after having received an order to buy a security, purchases the security as principal at the same price to satisfy the order to buy or, after having received an order to sell, sells the security as principal at the same price to satisfy the order to sell, shall be reported as one transaction in the same manner as an agency transaction, excluding the mark-up or mark-down, commission-equivalent, or other fee. Alternatively, a member may report a riskless principal transaction by submitting the following report(s) to ACT:

(i) The member with the obligation to report the transaction pursuant to paragraph (b) above must submit a last sale report for the initial leg of the transaction.

(ii) Regardless of whether a member has a reporting obligation pursuant to paragraph (b) above, the firm must submit, for the offsetting, "riskless" portion of the transaction, either:

a. a clearing-only report with a capacity indicator of "riskless principal," if a clearing report is necessary to clear the transaction; or

b. a non-tape, non-clearing report with a capacity indicator of "riskless principal," if a clearing report is not necessary to clear the transaction.

**Example:**

SELL as a principal 100 shares to another member at 40 to fill an existing order;

BUY as principal 100 shares from a customer at 40 minus a mark-down of \$12.50;

REPORT 100 shares at 40 by submitting to ACT either a single trade report marked with a "riskless principal" capacity indicator or by submitting the following reports:

(1) where required by this Rule, a tape report marked with a "principal" capacity indicator; and

(2) either a non-tape, non-clearing report or a clearing-only report marked with a "riskless principal" capacity indicator.

(e) through (f) No Change.

\* \* \* \* \*

**Rule 4650. Reporting Transactions in Nasdaq Convertible Debt Securities**

**Rule 4652. Transaction Reporting**

(a) through (c) No Change.

(d) Procedures for Reporting Price and Volume. Members which are required to report pursuant to paragraph (b) above shall transmit last sale reports for all purchases and sales in designated securities in the following manner:

(1) through (3)(A) No Change.

(3)(B) Exception. A "riskless" principal transaction in which a member, after having received an order to buy a security, purchases the security as principal at the same price to satisfy the order to buy or, after having received an order to sell, sells the security as principal at the same price to satisfy the order to sell, shall be reported as one transaction in the same manner as an agency transaction, excluding the mark-up or mark-down, commission-equivalent, or other fee. Alternatively, a member may report a riskless principal transaction by submitting the following report(s) to ACT:

(i) The member with the obligation to report the transaction pursuant to paragraph (b) above must submit a last sale report for the initial leg of the transaction.

(ii) Regardless of whether a member has a reporting obligation pursuant to paragraph (b) above, the firm must submit, for the offsetting, "riskless" portion of the transaction, either:

a. a clearing-only report with a capacity indicator of "riskless principal," if a clearing report is necessary to clear the transaction; or  
b. a non-tape, non-clearing report with a capacity indicator of "riskless principal," if a clearing report is not necessary to clear the transaction.

**Example:**

SELL as a principal 100 shares to another member at 40 to fill an existing order;

BUY as principal 100 shares from a customer at 40 minus a mark-down of \$12.50;

REPORT 100 shares at 40 by submitting to ACT either a single trade report marked with a "riskless principal" capacity indicator or by submitting the following reports:

(1) where required by this Rule, a tape report marked with a "principal" capacity indicator; and

(2) either a non-tape, non-clearing report or a clearing-only report marked with a "riskless principal" capacity indicator.

(e) through (f) No Change.

\* \* \* \* \*

**Rule 6600. REPORTING TRANSACTIONS IN OVER-THE-COUNTER EQUITY SECURITIES**

**Rule 6620. Transaction Reporting**

(a) through (c) No Change.

(d) Procedures for Reporting Price and Volume. Members which are required to report pursuant to paragraph (b) above shall transmit last sale reports for all purchases and sales in designated securities in the following manner:

(1) through (3)(A) No Change.

(3)(B) Exception. A "riskless" principal transaction in which a member, after having received an order to buy a security, purchases the security as principal at the same price to satisfy the order to buy or, after having received an order to sell, sells the security as principal at the same price to satisfy the order to sell, shall be reported as one transaction in the same manner as an agency transaction, excluding the mark-up or mark-down, commission-equivalent, or other fee. Alternatively, a member may report a riskless principal transaction by submitting the following report(s) to ACT:

(i) The member with the obligation to report the transaction pursuant to paragraph (b) above must submit a last sale report for the initial leg of the transaction.

(ii) Regardless of whether a member has a reporting obligation pursuant to paragraph (b) above, the firm must submit, for the offsetting, "riskless" portion of the transaction, either:

a. a clearing-only report with a capacity indicator of "riskless principal," if a clearing report is necessary to clear the transaction; or

*b. a non-tape, non-clearing report with a capacity indicator of "riskless principal," if a clearing report is not necessary to clear the transaction.*

*Example:*

SELL as a principal 100 shares to another member at 40 to fill an existing order;

BUY as principal 100 shares from a customer at 40 minus a mark-down of \$12.50;

REPORT 100 shares at 40 by submitting to ACT either a single trade report marked with a "riskless principal" capacity indicator or by submitting the following reports:

(1) where required by this Rule, a tape report marked with a "principal" capacity indicator; and

(2) either a non-tape, non-clearing report or a clearing-only report marked with a "riskless principal" capacity indicator.

(e) through (f) No Change.

\* \* \* \* \*

## **Rule 6400. REPORTING TRANSACTIONS IN LISTED SECURITIES**

### **Rule 6420. Transaction Reporting**

(a) through (c) No Change.

(d) Procedures for Reporting Price and Volume. Members which are required to report pursuant to paragraph (b) above shall transmit last sale reports for all purchases and sales in designated securities in the following manner:

(1) through (3)(A) No Change.

(3)(B) Exception. A "riskless" principal transaction in which a member, after having received [from a customer] an order to buy a security, purchases to security as principal [from another member or customer] at the same price to satisfy the order to buy or, after having received [from a customer] an order to sell, sells the security as principal [to another member] at the same price to satisfy the order to sell, shall be reported as one transaction in the same manner as an agency transaction, excluding the mark-up or mark-down, *commission-equivalent*, or other fee. Alternatively, a member may report a riskless principal transaction by submitting the following report(s) to ACT:

(i) The member with the obligation to report the transaction pursuant to paragraph (b) above must submit a last sale report for the initial leg of the transaction.

(ii) Regardless of whether a member has a reporting obligation pursuant to paragraph (b) above, the firm must submit, for the offsetting, "riskless" portion of the transaction, either:

a. a clearing-only report with a capacity indicator of "riskless principal," if a clearing report is necessary to clear the transaction; or

b. a non-tape, non-clearing report with a capacity indicator of "riskless principal," if a clearing report is not necessary to clear the transaction.

A riskless principal transaction in which a member purchases or sells the security on an exchange to satisfy a customer's order will be reported by the exchange and the member shall not report.

*Example:*

BUY as principal 100 shares from another member at 40 to fill an existing order;

SELL as principal 100 shares to a customer at 40 plus mark-up of \$12.50;

REPORT 100 shares at 40 by submitting, to ACT either a single trade report marked with a "riskless principal" capacity indicator or by submitting the following reports:

(1) where required by this Rule, a tape report marked with a "principal" capacity indicator; and

(2) either a non-tape, non-clearing report or a clearing-only report marked with a "riskless principal" capacity indicator.

*Example:*

BUY as principal 100 shares on an exchange at 40 to fill an existing order;

SELL as principal 100 shares to a customer at 40 plus a mark-up of \$12.50;

DO NOT REPORT (will be reported by exchange).

(e) No Change.

\* \* \* \* \*

## **Rule 6000. NASD SYSTEMS AND PROGRAMS**

### **Rule 6100. AUTOMATED CONFIRMATION TRANSACTION SERVICE (ACT)**

#### **Rule 6130. Trade Report Input**

(a) through (c) No Change.

(d) Trade Report To Be Input—

(7) A symbol indicating whether the trade is as principal, *riskless principal*, or agent.

(e) No Change.

\* \* \* \* \*

## **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 its proposal and discussed any comments it received regarding the proposal. 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.

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

#### **1. Purpose**

On March 24, 1999 and July 8, 1999, the SEC approved proposals to amend the NASD trade reporting rules relating to riskless principal transactions in

Nasdaq National Market, Nasdaq SmallCap Market, Nasdaq convertible debt, non-Nasdaq OTC equity securities, and exchange-listed securities traded in the Nasdaq InterMarket ("Riskless Principal Trade Reporting Rules").<sup>7</sup> Under the new Riskless Principal Trade Reporting Rules, a "riskless" principal transaction is one where an NASD member, after having received an order to buy (sell) a security, purchases (sells) the security as principal at the same price to satisfy the order to buy (sell). The Rules require a firm to report a riskless principal trade as one transaction.

*Notices to Members 99-65* (discussing the trade reporting rules for riskless principal transactions in Nasdaq and OTC securities) and *99-66* (discussing, among other things, the trade reporting rules for the Nasdaq InterMarket) were published in August 1999. The *Notices* provided guidance on compliance with the new Rules, stating that market makers must report the initial leg of a riskless principal transaction to ACT and mark the ACT report "riskless principal" and must not report to ACT the offsetting transaction with the customer. The *Notices* announced that the Riskless Principal Trade Reporting Rules would become effective on September 30, 1999.

The implementation date of the new Riskless Principal Trade Reporting Rules has been delayed three times, most recently until November 1, 2000.<sup>8</sup> One of the reasons for delaying the implementation date was to allow Nasdaq an opportunity to respond to concerns raised by a number of NASD member firms about trade reporting problems presented by the Rules.<sup>9</sup> The firms represented that the approach to riskless principal trade reporting described in *Notice to Members 99-65* and *99-66*, which requires firms to report the first leg of a riskless principal

<sup>7</sup> See Securities Exchange Act Release Nos. 41208 (Mar. 24, 1999), 64 FR 15386 (Mar. 31, 1999) (SR-98-59) and 41606 (July 8, 1999), 64 FR 38226 (July 15, 1999) (SR-NASD-98-08).

<sup>8</sup> See Securities Exchange Act Release Nos. 41974 (Oct. 4, 1999), 64 FR 55508 (Oct. 13, 1999) (SR-99-52); 42494 (Mar. 3, 2000), 65 FR 13069 (Mar. 10, 2000) (SR-NASD-00-04); and 43103 (August 1, 2000), 65 FR 48774 (August 9, 2000) (SR-NASD-00-44).

<sup>9</sup> See letter to Belinda Blaine, Associate Director, SEC, dated February 18, 2000 from Automated Securities Clearance, Ltd. and the following NASD member firms: Bernard L. Madoff Securities; CIBC World Markets; Credit Suisse First Boston; Deutsche Banc Alex. Brown; Donaldson, Lufkin & Jenrette; Goldman Sachs & Co.; Jefferies & Company, Inc.; Lehman Bros.; Merrill Lynch, Pierce, Fenner & Smith, Inc.; Morgan Stanley Dean Witter; and Salomon Smith Barney Inc.

transaction to ACT and mark the report "riskless principal", would be problematic and would result in inaccurate reporting of the initial leg of a riskless principal transaction. The firms identified the following problems:

- Trades reported by a third party (e.g., an ECN) on behalf of a broker-dealer can not be properly marked "riskless principal" because market makers do not know whether a particular order will trigger a riskless principal execution at the time the broker-dealer sends the order for execution.
- To the extent SOES and SelectNet executions trigger a riskless principal execution (for example, as result of Manning protection), the principal capacity assumed by Nasdaq's systems will be inaccurate.
- Systemic delay would be introduced into the trade reporting process for trades executed within a market maker's own trading system, because the system would be required to determine if Manning protection is owed to any orders on the books before the first trade is reported as riskless principal.

Nasdaq believes it has arrived at a workable approach to riskless principal trade reporting that can be used as an alternative to the original approach set forth in the new Riskless Principal Trade Reporting Rules and announced in the *Notices*. Under the alternative approach, member firms may report a riskless principal transaction by submitting either one or two reports to ACT. The first report would be required only if the member is the party with a reporting obligation under the relevant Rule. The second report, representing the offsetting, "riskless" portion of the transaction, must be submitted by all members electing to use the alternative method for riskless principal trade reporting, regardless of whether the firm has a reporting obligation. The report will be either a non-tape, non-clearing report (if there is no need to submit clearing information to ACT) or a clearing-only report. In either case, the report must be marked with a capacity indicator of "riskless principal." Because this is not a last sale report, it does not have to be submitted within 90 seconds after the transaction is executed.

The effect of the proposed rule change can be illustrated by the following examples. A market maker (MM1) holds a customer limit order to sell 1000 shares of ABCD, a Nasdaq National Market security, at \$10 that is displayed in its quote. MM1 sells 1000 shares to a second market maker (MM2) at \$10. When there is a trade between two market makers, the Nasdaq transaction reporting rules require the member representing the sell side to report the

transaction.<sup>10</sup> MM1 reports the sale of 1000 shares by submitting a last sale report to ACT marked "principal." MM1 then fills its customer order for 1000 shares. MM1 submits to ACT one of two reports marked "riskless principal" for the offsetting, riskless portion of the transaction: either a clearing-only report if necessary to complete the transaction with the customer or, if a clearing entry is not necessary, a non-tape, non-clearing report. This submission is not entered for reporting purposes and thus there will be no public trade report for this leg of the transaction.

In another example, both MM1 and MM2 hold customer limit orders: MM1 holds a customer limit order to sell 1000 shares of ABCD and MM2 holds a customer limit order to buy 1000 shares of ABCD, both of which are displayed in the market makers' quotes. MM1 sells 1000 shares to MM2 at \$10. MM1 and MM2 then fill both of their customer orders. MM1 reports the two transactions as described above. MM2 does not have a reporting obligation under the Nasdaq transaction reporting rules because it is the member representing the buy side. Therefore, it does not submit a last sale report for the transaction with MM1. However, for the transaction with its customer, MM2 is obligated to submit to ACT either a clearing-only entry or a non-tape, non-clearing report marked "riskless principal."

Firms can elect to use either the original approach described in *Notices to Members 99-65* and *99-66* or this alternative approach for reporting riskless principal trades. Also, firms can elect a given approach either for all trades or on a trade by trade basis. While the new alternative method is voluntary, firms that elect not to use this method must comply with the original method or will be violation of the trade reporting rules. It should be noted that the alternative approach is available for all Nasdaq and OTC transactions, and for transactions in listed securities executed off an exchange, but is not available for transactions in listed securities executed on an exchange, which are reported by the exchange under either approach. Nasdaq proposes to make the alternative approach to riskless principal trade reporting effective on November 1, 2000.

No ACT fee will be assessed for the non-tape, non-clearing report. An ACT fee will be assessed for the clearing-only report, however, because the firm is receiving clearing services in connection with the report.

The guidance provided in *Notices to Members 99-65* and *99-66* is still valid for firms that elect to use the original approach to riskless principal trade reporting. Furthermore, the guidance provided in the *Notices* with respect to compliance with SEC Rule 10b-10 is valid for either the original or the alternative approach.

Nasdaq also proposes a technical change to Rule 6130(d)(7) to explicitly include in the risk "riskless principal" as a symbol on an ACT trade report, in addition to the principal and agent capacity indicators. The riskless principal symbol already is utilized in Nasdaq systems and in ACT trade reports, so this is not a new requirement; this is merely a technical change that adds this capacity indicator to the current list of symbols in the rule.

Finally, Nasdaq proposes to make technical changes to Rule 6420(d)(3)(B) to conform the language in that rule to language in Rules 4632(d)(3)(B), 4642(d)(3)(B), 4652(d)(3)(B), and 6620(d)(3)(B). In particular, Nasdaq proposes to delete language from Rule 6420(d)(3)(B) to ensure consistent application of the Riskless Principal Trade Reporting Rules to any order received by a member, regardless of the person or entity from which it was received. Specially, while the current rule refers to orders received from a "customer," the proposed rule simply refers to "an order." Thus, a transaction can be defined as riskless when the market maker is holding an order from a customer, another member, the customer of another member, or any other entity including non-member broker-dealers. Furthermore, the text of the rule is being amended to more clearly provide that such trades are reported exclusive of any fee. Identical revisions were made to Rules 4632(d)(3)(B), 4642(d)(3)(B), 4652(d)(3)(B), and 6620(d)(3)(B) in SR-NASD-98-59.<sup>11</sup>

## 2. Statutory Basis

Nasdaq believes that the proposal is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>12</sup> and that it will result in more accurate and reliable information regarding last sale transaction reports. Section 15A(b)(6) requires that the rules of a registered securities association be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, settling,

<sup>10</sup> See Rules 4632(b), 4642(b), 4652(b), 6420(b), and 6620(b).

<sup>11</sup> Securities Exchange Act Release No. 41208 (Mar. 24, 1999), 64 FR 15386 (Mar. 31, 1999).

<sup>12</sup> 15 U.S.C. 78o-3(b)(6).

processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect to mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest, and not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

#### *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 purposes 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**

Because the foregoing proposed rule change does not:

- (i) significantly affect the protection of investors or the public interest;
- (ii) impose any significant burden on competition; and
- (iii) become operative for 30 days from the date on which it was filed,<sup>13</sup> or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>14</sup> and Rule 19b-4(f)(6) thereunder.<sup>15</sup> 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 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 proposal 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. 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-00-52 and should be submitted by October 17, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>16</sup>

**Margaret H. McFarland,**  
Deputy Secretary.

[FR Doc. 00-24642 Filed 9-25-00; 8:45 am]

**BILLING CODE 8010-01-M**

## **DEPARTMENT OF TRANSPORTATION**

### **Coast Guard**

[CGD09-00-101]

#### **Great Lakes Regional Waterways Management Forum**

**AGENCY:** Coast Guard, DOT.

**ACTION:** Notice of meeting and request for comments.

**SUMMARY:** "The Great Lakes Regional Waterways Management Forum" will hold a meeting to discuss various waterways management issues. Agenda items will include updates on Great Lakes dredging and aquatic nuisance species issues; progress reports from Forum Subcommittees on Communications, Navigation Technologies, Outreach, Cruise Ships; reports from Forum members on Waterway User Conflicts, and discussions about the agenda for the next meeting. The meeting will be open to the public.

**DATES:** The meeting will be held October 10, 2000 from 1 p.m. to 4 p.m. Comments must be submitted on or before October 9, 2000 to be considered at the meeting.

**ADDRESSES:** The meeting will be held in the U.S. Coast Guard Club located on the U.S. Coast Guard Moorings, 1055 East Ninth Street, Cleveland, OH 44199. Any written comments and materials should be submitted to Commander (map), Ninth Coast Guard District, 1240 E. 9th Street, Room 2069, Cleveland, OH 44199.

**FOR FURTHER INFORMATION CONTACT:** CDR Patrick Gerrity (map), Ninth Coast Guard District, OH 44199, telephone (216) 902-6049. Persons with disabilities requiring assistance to attend this meeting should contact CDR Gerrity.

**SUPPLEMENTARY INFORMATION:** The Great Lakes Waterways Management Forum identifies and resolves waterways management issues that involve the Great Lakes region. The forum meets twice a year to assess the Great Lakes region, assign priorities to areas of concern and identify issues for resolution. The forum membership has identified agenda items for this meeting that include: updates on Great Lakes dredging and aquatic nuisance species issues; progress reports from Forum Subcommittees on Communications, Navigation Technologies, Outreach, Cruise Ships; reports from Forum members on Waterway User Conflicts, and discussions about the agenda for the next meeting. Additional topics of discussion are solicited from the public.

Dated: September 7, 2000.

**G.S. Cope,**

Captain, U.S. Coast Guard, Acting Commander, Ninth Coast Guard District.

[FR Doc. 00-24597 Filed 9-25-00; 8:45 am]

**BILLING CODE 4910-15-U**

## **DEPARTMENT OF TRANSPORTATION**

### **Surface Transportation Board**

[STB Ex Parte No. 290 (Sub No. 5) (2000-4)]

#### **Quarterly Rail Cost Adjustment Factor**

**AGENCY:** Surface Transportation Board.

**ACTION:** Approval of rail cost adjustment factor.

**SUMMARY:** The Board has approved the fourth quarter 2000 rail cost adjustment factor (RCAF) and cost index filed by the Association of American Railroads. The fourth quarter 2000 RCAF (Unadjusted) is 1.062. The fourth quarter 2000 RCAF (Adjusted) is 0.589. The fourth quarter 2000 RCAF-5 is 0.567.

**EFFECTIVE DATE:** October 1, 2000.

**FOR FURTHER INFORMATION CONTACT:** H. Jeff Warren, (202) 565-1533. TDD for the hearing impaired: 1-800-877-8339.

**SUPPLEMENTARY INFORMATION:** Additional information is contained in the Board's decision. To purchase a copy of the full decision, write to, call, or pick up in person from: DA•TO•DA OFFICE SOLUTIONS, Room 405, 1925 K Street, NW, Washington, DC 20423-0001, telephone (202) 466-5530.

<sup>13</sup> The Commission notes that the proposed rule change will not be effective until November 1, 2000. See footnote 8 and accompanying discussion.

<sup>14</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>15</sup> 17 CFR 240.19b-4(f)(6).

<sup>16</sup> 17 CFR 200.30-3(a)(12).