

excess spread requirements, if any, as market makers in the Nasdaq National Market securities beyond July 1, 1997.

2. Statutory Basis

The NASD and Nasdaq believe that the proposed rule change is consistent with Section 15A(b)(6) of the Act. Among other things, Section 15A(b)(6) requires that the rules of a national 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, 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.

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

The NASD believes that the proposed rule change will not 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

No written comments were solicited or received with respect to the proposed rule change.

III. 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 at 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 No. SR-NASD-97-13 and should be submitted by [insert date 21 days from date of publication].

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

After careful review, the Commission finds, for the reasons set forth below, that the NASD's proposal is consistent with the requirements of Section 15A of the Act and the rules and regulations thereunder applicable to the NASD and, in particular, Section 15A(b)(6).

The Commission believes that it is reasonable for the NASD to remove application of the 150% Excess Spread Rule to market maker quotations in Nasdaq SmallCap securities because it is difficult for market makers to monitor their compliance with that Rule. This stems from Nasdaq's inability to calculate and display through the system the average spread of all market makers in Nasdaq SmallCap securities or a comparison of the size of an individual market maker's quoted spread in a Nasdaq SmallCap security relative to the average spread of all market makers in Nasdaq SmallCap securities.

The NASD also points out that application of NASD Rule 4613(d) may impose artificial constraints on market makers' quote movements.⁸ According to the NASD, market makers may be less apt to adjust their quotes in response to market activity for fear that they will violate the rule and be subject to mandatory withdrawal for 20 business days. The Commission agrees that this is a possibility and prefers to eliminate the potential restraint on market maker quote movements to foster market competition, protect the price discovery process and preserve the integrity of quotations in Nasdaq SmallCap securities in furtherance of the objectives of Section 15A(b)(6). While the Commission approves removal of the applicability of the NASD's excess spread rule to market maker quotations in Nasdaq SmallCap securities, however, it expects the NASD to develop other means of stimulating and measuring sound market making performance for all Nasdaq stocks.

The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication in the Federal Register. By accelerating the effectiveness of the proposed rule change, market makers in Nasdaq SmallCap securities will not be subject to mandatory market maker registration withdrawals for 20 business days for noncompliance with the 150% Excess Spread Rule.⁹ The Commission

⁸ See *infra* note 7 and accompanying text.

⁹ Because the 150% Excess Spread Rule evaluates a market maker's spread over a full calendar month, February 1997 was the first month in which market

reiterates that the NASD should study alternative methods that would enhance market making performance while completely fulfilling the NASD's obligation regarding the excess spread rule before the August 8, 1997 deadline contained in the Commission's Order.¹⁰

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹¹ that the proposed rule change (SR-NASD-97-13) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority,¹²

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-38364; File No. SR-PSE-97-06]

March 4, 1997.

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Pacific Stock Exchange Incorporated Relating to Changing the Corporate Name From Pacific Stock Exchange Incorporated to Pacific Exchange

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 February 27, 1997, the Pacific Stock Exchange Incorporated ("PSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II and III 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.

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

The Exchange is proposing to amend its Article I, Section 1 of the

maker spreads were evaluated pursuant to NASD Rule 4613(d). Accordingly, March 1997 will be the first month in which market makers will be subject to the mandatory market maker withdrawals for 20 business days for noncompliance with the Rule.

¹⁰ See Release 34-38180, *supra* note 3 and Order Instituting Public Proceedings Pursuant to Section 19(h)(1) of the Securities Exchange Act of 1934, Making Findings and Imposing Remedial Sanctions, Securities Exchange Act Release No. 37538 (Aug. 8, 1996).

¹¹ 15 U.S.C. 78s(b)(2) (1988).

¹² 17 CFR 200.30-3(a)(12) (1994).

¹ 15 U.S.C. § 78s(b)(1).

² 17 CFR 240.19b-4.

Constitution and the First Section of the Articles of Incorporation to reflect a change in the corporate name from Pacific Stock Exchange Incorporated to Pacific Exchange.

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 IV 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

The purpose of the proposed rule change is to effect a change in the corporate name of the Exchange from Pacific Stock Exchange Incorporated to Pacific Exchange. This new corporate name is intended to better reflect the member population at the Exchange and to foster better public recognition of the diversity of the products traded at the PSE.

Over the last several years, the Exchange has experienced tremendous growth, and as a result, the Exchange has been working on the development of a name which would more appropriately reflect who the Exchange is today, while at the same time maintaining the image and good will that the Exchange has already built over the last one hundred or so years. The proposed name, Pacific Exchange, captures the essence of a complete securities exchange, helps to focus on the Exchange's location as not only regional, but with ties to the international horizons.

Basis

Pursuant to Rule 19b-4(e)(3), this proposed rule change is concerned solely with the administration of the Exchange. The proposed rule change is consistent with Section 6(b) of the Act, in general, and Section 6(b)(5), in particular, in that it is designed to promote just and equitable principles of trade.

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

Written comments on the proposed rule change were neither solicited nor received.

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

The foregoing rule change has become effective on February 27, 1997, pursuant to section 19(b)(3)(A) of the Act³ and subparagraph (e)(3) of Rule 19b-4⁴ thereunder, because the proposed rule change is concerned solely with the administration of the self-regulatory organization. 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 such filing will also be available for inspection and copying at the principal office of the PSE. All submissions should refer to File No. SR-PSE-97-06 and should be submitted by April 1, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁵

³ 15 U.S.C. § 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(e)(3).

⁵ 17 CFR 200.30-3(a)(12).

Margaret H. McFarland,
Deputy Secretary.
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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

[Summary Notice No. PE-97-13]

Petitions for Exemption; Summary of Petitions Received; Dispositions of Petitions Issued

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of petitions for exemption received and of dispositions or prior petitions.

SUMMARY: Pursuant to FAA's rulemaking provisions governing the application, processing, and disposition of petitions for exemption (14 CFR Part 11), this notice contains a summary of certain petitions seeking relief from specified requirements of the Federal Aviation Regulations (14 CFR Chapter I), dispositions of certain petitions previously received, and corrections. The purpose of this notice is to improve the public's awareness of, and participation in, this aspect of FAA's regulatory activities. Neither publication of this notice nor the inclusion or omission of information in the summary is intended to affect the legal status of any petition or its final disposition.

DATES: Comments on petitions received must identify the petition docket number involved and must be received on or before March 18, 1997.

ADDRESSES: Send comments on any petition in triplicate to: Federal Aviation Administration, Office of the Chief Counsel, Attn: Rule Docket (AGC-200), Petition Docket No. _____, 800 Independence Avenue, SW., Washington, D.C. 20591.

Comments may also be sent electronically to the following internet address: 9-9-9-NPRM-CMTS@faa.dot.gov.

The petition, any comments received, and a copy of any final disposition are filed in the assigned regulatory docket and are available for examination in the Rules Docket (AGC-200), Room 915G, FAA Headquarters Building (FOB 10A), 800 Independence Avenue, SW., Washington, D.C. 20591; telephone (202) 267-3132.

FOR FURTHER INFORMATION CONTACT: Fred Haynes (202) 267-3939 or Angela Anderson (202) 267-9681, Office of Rulemaking (ARM-1), Federal Aviation