Anyone using SOES, whether a market maker displaying its own quotes or a customer limit order, or an order entry firm, who effects a transaction will have to pay $0.50 per order. The cost of using SOES will be the same for all users.

The Commission also finds the institution of a charge of $0.25 for each cancellation entered into SOES and SelectNet to be consistent with the Act. The broadcast of orders that are subsequently cancelled creates the need for increased system capacity in order to ensure the smooth and efficient operation of SOES and SelectNet. The Commission finds that the $0.25 fee imposes a portion of the cost of maintaining system capacity to handle large numbers of cancellations to those firms that create the need for such capacity. The Commission finds that the cancellation fee does not impose a burden on competition not necessary or appropriate in furtherance of the Act. All users of the two systems will bear the same cost for cancellation of orders.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR–NASD–96–48) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[35]

Jonathan G. Katz,

Secretary.

[FR Doc. 97–7871 Filed 3–27–97; 8:45 am]

BILLING CODE 8010–01–M

[35] 17 CFR 200.30–3(a)(12).

[Release No. 34–38429; File No. SR–NASD–97–20]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to the Elimination of the Prohibitions Against NASD Members Accepting Stop Orders and Stop Limit Orders in Exchange-Listed Securities

March 21, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''), 15 U.S.C. 78s(b)(1), notice is hereby given that on March 10, 1997, the National Association of Securities Dealers, Inc. (''NASD'' or ''Association'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the NASD. 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

Currently, paragraph (i)(1) of NASD Rule 6440, ''Trading Practices,'' prohibits NASD members from accepting stop orders[1] in eligible securities.[2] NASD Rule 6440(i)(2) currently allows members to accept stop limit orders[3] in eligible securities where the stop price and the limit price are the same. The NASD proposes to amend NASD Rule 6440(i) to: (1) Allow members to accept stop orders in eligible securities; and (2) eliminate the requirement that the stop price must equal the limit price in order for a member to accept a stop limit order in an eligible security. Below is the text of the proposed rule change. Additions are italicized; deletions are bracketed.

NASD Rule 6440

(a)–(h). No change.

(i) (1) *A* [No] member [shall] *may, but is not obligated to,* accept a stop order in an eligible security.

(A) A buy stop order is an order to buy which becomes a market order when a transaction takes place at or above the stop price.

(B) A sell stop order is an order to sell which becomes a market order when a transaction takes place at or below the stop price.

(2) *A* member[s] may*, but is not obligated to,* accept stop limit orders in eligible securities [where the stop price and the limit price are the same]. When transactions occur at the stop price, the order to buy or sell becomes a limit order at the stop price.

(j) No change.

* * * * *

[1] A buy stop order is an order to buy which becomes a market order when a transaction takes place at or above the stop price. Conversely, a sell stop order is an order to sell which becomes a market order when a transaction takes place at or below the stop price.

[2] Under NASD Rule 6410(d), ''eligible securities'' means all common stocks, preferred stocks, long-term warrants, and rights entitling the holder to acquire an eligible security, listed or admitted to unlisted trading privileges on the American Stock Exchange (''Amex'') or the New York Stock Exchange (''NYSE''), and securities listed on the regional stocks exchanges which substantially meet the original listing requirements of the Amex or the NYSE.

[3] A buy stock limit order is an order to buy that becomes a limit order at the limit price when a transaction occurs at the stop price. Conversely, a sell stop limit order is an order to sell that becomes a limit order at the limit price when a transaction occurs at the stop price.

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 NASD included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule changes. The text of these statements may be examined at the places specified in Item IV below. The NASD 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 NASD proposes to amend NASD Rule 6440 to eliminate current restrictions on the ability of NASD members to accept stop orders and certain stop limit orders in eligible securities. Currently, NASD Rule 6440(i)(1) provides that no NASD member shall accept a stop order in an eligible security; NASD Rule 6440(i)(2) provides that no NASD member shall accept a stop limit order in an eligible security unless the stop price and the limit price are the same. Under the proposed rule change, NASD members will be allowed to accept stop orders in eligible securities and stop limit orders where the stop price and the limit price are not the same. The proposal also clarifies that NASD members are not obligated to accept stop orders or stop limit orders.

The NASD believes there is no economic or regulatory reason to preclude or restrict investors from placing stop orders or stop limit orders in eligible securities. In this connection, the NASD notes that there are no comparable restrictions on the placement of these types of orders in securities listed on The Nasdaq Stock Market (''Nasdaq''). Just as investors in Nasdaq securities are able to receive the protections and benefits that result from placing stop orders and stop limit orders, the NASD believes that investors in the third market should be able to receive the same benefits and protections from placing these types of orders. In particular, through the placement of stop orders and stop limit orders, the NASD believes that investors will be better able to implement their investment strategies and manage their portfolios. Accordingly, the NASD believes its proposal will enhance the protection of investors and the integrity of the market.

The NASD believes 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. In particular, as noted above, because the NASD believes the proposed rule change will better enable investors to implement their investment strategies and manage the risks associated with their portfolios, the NASD believes the proposal will enhance the protection of investors.

(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 Statements on Comments on the Proposed Rule Changes Received From Members, Participants or Others

Comments were neither solicited nor received.

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

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reason for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(a) By order approve such proposed rule change, or

(b) Institute proceedings to determine whether the proposed rule change should be disapproved.

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, NW., Washington, DC 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 Section, 450 Fifth Street, NW., Washington, DC. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to file number SR–NASD–97–20 and should be submitted by April 18, 1997.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[4]

Jonathan G. Katz,

Secretary.

[FR Doc. 97–7873 Filed 3–27–97; 8:45 am]

BILLING CODE 8010–01–M

[4] 17 CFR 200.30–3(a)(12).

[Release No. 34–38428; File No. SR–NSCC–97–02]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of a Proposed Rule Change To Modify NSCC's Rules To Permit Unit Investment Trusts To Be Processed Through Fund/SERV, Networking, and Mutual Fund Commission Settlement Services

March 21, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on February 10, 1997, the National Securities Clearing Corporation (''NSCC'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change (File No. SR–NSCC–97–02) as described in Items I, II, and III below, which items have been prepared primarily by NSCC. 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 proposed rule change consists of modifications to NSCC's rules in order to permit unit investment trusts (''UITs'') to be processed through NSCC's Fund/SERV, Networking, and Mutual Fund Commission Settlement Services, which collectively constitute NSCC's Mutual Fund Services.

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

In its filing with the Commission, NSCC 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. NSCC 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

A group of NSCC participants, bank trustees, and industry organizations such as the Securities Industry Association's Securities Operation Division, the Regional Municipal Operations Association, and National Unit Trust Association have requested that NSCC permit UITs to be eligible for processing through its Fund/SERV, Networking, and Mutual Fund Commission Settlement Services.[3] Such eligibility will allow broker-dealers that are Mutual Fund Services only members (*i.e.*, primarily bank broker-dealers and insurance company subsidiaries) and therefore, that are not permitted to process these transactions through NSCC's continuous net settlement (''CNS'') system to process UIT trades through the Fund/SERV, Networking, and Mutual Fund Commission Settlement systems. Currently, UITs are eligible for NSCC processing through NSCC's CNS system only. However, because Mutual Fund Services only members are not permitted access to NSCC's CNS system, they must settle UIT trades ex-clearing with their UIT

[1] 15 U.S.C. 78s(b)(1).

[2] The Commission has modified the text of the summaries submitted by NSCC.

[3] For a complete description of NSCC's Fund/SERV, Networking, and Mutual Fund Commission Services, refer to Securities Exchange Act Release Nos. 31937 (March 1, 1993), 58 FR 12609 [File No. SR–NSCC–92–14] (order approving proposed rule change regarding Fund/SERV system); 26376 (December 20, 1988), 53 FR 52546 [File No. SR–NSCC–88–08] (order approving Networking); and 31579 (December 17, 1992), 57 FR 60018 [File No. SR–NSCC–92–13] (order approving the Mutual Fund Commissions Settlement System and consolidating the Mutual Fund Commissions Settlement, Fund/SERV, and Networking Systems under NSCC's Mutual Fund Services.