

electronic communication systems to appropriate supervision and review, the firm can allow employees to correspond with customers through such systems.

2. Statutory Basis

The NASDR believes the proposed rule change is consistent with Section 15A(b)(6) of the Act,⁹ which requires, among other things, that the Association's rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. The NASD believes that implementing the effective date of the new rules with the exception of the requirement to review all incoming non-electronic correspondence is consistent with these requirements.

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

NASDR does not believe that the proposed rule change will impose a 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, Participation or Others

Written comments were neither solicited nor received.

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

The foregoing rule change constitutes a stated policy, practice, or interpretation with respect to the meaning, administration or enforcement of an existing rule of the Association and, therefore, has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁰ and subparagraph (e) of rule 19b-4 thereunder.¹¹

At any time within 60 days of the filing of such 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, 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, 450 Fifth Street, N.W., Washington, D.C. Copies of such filing also will be available for inspection and copying at the NASD. All submissions should refer to File No. SR-NASD-98-31 and should be submitted by May 12, 1998.

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39863; File No. SR-NSCC-98-1]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Fees and Charges

April 14, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on February 12, 1998, the National Securities Clearing Corporation ("NSCC") 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 primarily by NSCC. The Commission is publishing this notice to solicit comments from interested persons on the proposed rule change.

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

The proposed rule change reduces certain fees, lowers certain caps on fees, and implements one new cap on certain fees.

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

NSCC's fees are based in part on the expected volume of transactions submitted to NSCC for processing. Because the volume of transactions submitted to NSCC for processing has increased over the past few years, NSCC has determined that it is appropriate to reduce certain fees, to lower certain caps on certain fees, and to implement one new cap. The proposed changes are as follows:

(1) Trade Comparison Fee

Currently, the trade comparison fee for each side of each stock, warrant, or right trade submitted is \$.018 per 100 shares with a minimum fee of \$.072 and a maximum fee of \$1.35. This rule change reduces this maximum fee from \$1.35 to \$1.08.

(2) Trade Recording Fee

At present, the trade recording fee for each side of each stock, warrant, or right item originally compared by other parties but cleared through NSCC is \$.012 per 100 shares with a minimum fee of \$.048 and a maximum fee of \$.90. This rule change reduces the trade recording fee of such items to \$.008 per 100 shares with a minimum fee of \$.032 and a maximum fee of \$.48.

(3) Trade Clearance Fees

Current trade clearance fees are as follows: \$.50 per issue received from NSCC's continuous net settlement ("CNS") system to satisfy a long valued

⁹ 15 U.S.C. 78o-3(b)(6).

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 19b-4(e).

¹² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

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

position, \$.50 per delivery on CNS in the night processing cycle to cover a short valued position, and \$1.25 per delivery to CNS in the day processing cycle to cover a short valued position. Each of these three fees includes a \$.075 charge associated with a CNS delivery order movement. Under this rule change, the charge for CNS delivery order movements will be reflected as a separate charge of \$.06 instead of \$.075. To reflect both the removal of the delivery order movement component of these fees and the additional reductions, the trade clearance fees for these items are being reduced as follows: \$.40 per issue received from CNS to satisfy a long valued position, \$.40 per delivery to CNS in the night processing cycle to cover a short valued position, and \$1.00 per delivery to CNS in the day processing cycle to cover a short valued position.

(4) Membership Fees

NSCC is making two changes with respect to its membership fees. First, it is reducing its networking membership fee from \$250 to \$200 per month. Second, NSCC currently has a cap on the aggregate dollar amount of membership fees which it charges for the following services: trade processing systems, envelope settlement system, dividend settlement service, and Fund/SERV.³ NSCC is removing Fund/SERV from this cap and is implementing a new cap of \$200 on the aggregate dollar amount of membership fees that may be charged to a participant for use of Fund/SERV, networking, and mutual fund commission settlement.⁴

(5) Other Mutual Fund Related Fees

Other mutual fund related fees are being reduced. The Fund/SERV transaction fee is being reduced from \$.35 to \$.30 per side per order or transfer request. The networking account base fees for accounts relating to funds paying monthly dividends are being reduced from \$.025 to \$.020 per networking subaccount and from \$.015 to \$.010 for accounts relating to funds paying dividends less frequently than monthly. The minimum charge for mutual fund commission record submissions is being reduced from \$100 to \$50.

³ For members with ten or less assigned numbers, this cap is \$200 per month, and for members with more than ten assigned numbers, the cap is \$150 for the first ten numbers and \$75 for each additional number.

⁴ The individual fees are \$50 for Fund/SERV membership, \$50 for mutual fund commission settlement membership, and \$200 for networking membership taking into account the reduction made by this filing.

NSCC intends to give members the benefit of these fee changes effective as of January 1, 1998. The necessary adjustments to accommodate these reductions will be reflected in bills transmitted to members in March 1998.

NSCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act, and the rules and regulations thereunder because it provides for the equitable allocation of dues, fees, and other charges among NSCC's members.

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

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

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

No written comments have been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii)⁵ of the Act and pursuant to Rule 19b-4(e)(2)⁶ promulgated thereunder because the proposal establishes or changes a due, fee, or other charge imposed by NSCC. At any time within sixty days of the filing of such 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 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

⁵ 15 U.S.C. 78s(b)(3)(A)(ii).

⁶ 17 CFR 240.19b-4(e)(2).

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 Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing also will be available for inspection and copying at the principal office of NSCC. All submissions should refer to File No. SR-NSCC-98-1 and should be submitted by May 12, 1998.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39864; File No. SR-NSCC-97-14]

Self-Regulatory Organizations; National Securities Clearing Corporation; Order Granting Approval of a Proposed Rule Change to Modify NSCC's Rules Regarding its Trade Comparison Service

April 14, 1998.

On December 9, 1997, the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-NSCC-97-14) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ to modify NSCC's procedures regarding its trade comparison system for over-the-counter ("OTC") securities. Notice of the proposal was published in the **Federal Register** on January 28, 1998.² No comment letters were received. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

I. Description

The rule change modifies NSCC's trade comparison service by discontinuing the ability of members to submit the following instructions: "delete of original trade input,"³

⁷ 17 CFR 200.30-3(A)(12)

¹ 15 U.S.C. 78s(b)(1).

² Securities Exchange Act Release No. 39563 (January 20, 1998) 63 FR 4336.

³ NSCC members used the "delete of original trade input" instruction to delete any item for which the comparison process resulted in an uncomparated trade.