

submitted more frequently if deemed appropriate by the applicable Board. The obligations of the Participants to provide these reports, materials and data to a Board when it so reasonably requests, shall be a contractual obligation of all Participants under their agreement governing participation in the Fund and Future Funds.

12. Neither the Fund nor any Future Fund will accept a purchase order from a Plan if such purchase would make the Plan shareholder or owner of 10% or more of the assets of such Fund unless such Plan executes a fund participation agreement with the relevant Fund, including the conditions set forth herein to the extent applicable. A Plan shareholder will execute an application containing an acknowledgment of this condition at the time of its initial purchase of shares of such Fund.

### Conclusion

For the reasons summarized above, Applicants assert that the requested exemptions are appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

**Jonathan G. Katz,**  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39540; File No. SR-CHX-97-26]

### Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Chicago Stock Exchange, Inc. Relating to the Display of Limit Orders

January 12, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on October 1, 1997, the Chicago Stock Exchange, Incorporated ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change, as described in Items I and II 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 and to

grant accelerated approval of the proposed rule change.

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

The Exchange is proposing to amend Article XX, Rule 7 to expressly provide for the display of customer limit orders as contained in Rule 11Ac1-4 under the Act and other limit orders. Proposed new language is italicized.

#### Article XX

#### Rule 7

##### . . . Interpretation and Policies

.05 Quotation sizes, unless otherwise specified, shall be assumed to be for 100 shares. Where bids or offers are made at the same price the aggregate quotation size of such equal bids or offers shall be inputted into the quotation system. Such aggregate sizes shall remain firm until withdrawn unless exempted under one of the conditions specified in paragraphs .06-.09 of this Rule. *With respect to limit orders received by specialists, each specialist shall publish immediately (i.e., as soon as practicable, which under normal market conditions means no later than 30 seconds from time of receipt) a bid or offer that reflects:*

(i) *the price and full size of each limit order that is at a price that would improve the specialist's bid or offer in such security; and*

(ii) *the full size of each limit order that is priced equal to the specialist's bid or offer for such security;*

*The requirements with respect to specialists' display of limit orders shall not apply to any limit order that is:*

(i) *executed upon receipt of the order;*

(ii) *placed by a person or entity who expressly requests, either at the time the order is placed or prior thereto pursuant to an individually negotiated agreement with respect to such person's orders, that the order not be displayed;*

(iii) *and odd-lot order;*

(iv) *delivered immediately upon receipt to an exchange or association-sponsored system or an electronic communications network that complies with the requirements of Securities and Exchange Commission Rule 11Ac1-1(c)(5) under the Securities Exchange Act with respect to that order;*

(v) *delivered immediately upon receipt to another exchange member or over-the-counter market maker that complies with the requirements of Securities and Exchange Commission Rule 11Ac1-4 under the Securities Exchange Act with respect to that order;* or

(vi) *an "all or none" order.*

### 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 III 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

##### 1. Purpose

The Commission has recently adopted Rule 11Ac1-4 under the Act<sup>2</sup> which, among other things, requires specialists to immediately display the price and full size of any customer limit order that improved their quoted bid or offer in a security. The proposed amendments to Article XX, Rule 7 would make Rule 7 more consistent with the limit order display requirements of SEC Rule 11Ac1-4 and Commission interpretations thereunder.<sup>3</sup>

##### 2. Statutory Basis

The proposed rule change is consistent with Section 6(b)(5) of the Act in that it is designed to promote just and equitable principles of trade, 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 Exchange does not believe that the proposed rule change will impose any burden on competition.

<sup>2</sup> See Securities Exchange Act Release No. 37619A (September 6, 1996), 61 FR 48290 (September 12, 1997) ("SEC Limit Order Adopting Release").

<sup>3</sup> See letters from Richard R. Lindsey, Director, Division of Market Regulation, SEC, to Mr. Richard Grasso, Chairman and Chief Executive Officer, NYSE, dated November 22, 1996; to Mr. Richard G. Ketchum, Chief Operating Officer, NASD, dated January 3, 1997; and to Mr. James E. Buck, Senior Vice President and Secretary, NYSE, dated January 17, 1997.

<sup>1</sup> 15 U.S.C. § 78s(b)(1).

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

The Exchange has neither solicited nor received written comments on 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, 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 Room. Copies of such filing will also be available for inspection and copying at the principal office of the CHX. All submissions should refer to File No. SR-CHX-97-26 and should be submitted by February 6, 1998.

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

The Commission believes that the Exchange's proposal to adopt a limit order display rule is consistent with the policies behind the Commission's own Limit Order Display rule.<sup>4</sup> The Commission recognizes that the Exchange's proposal has the additional requirements that CHX specialists display all limit orders, not just customer limit orders, unless a specified exception exists. In addition, a CHX specialist, under the Exchange's proposal, must increase the size of its quote upon receipt of a limit order even if such order creates a de minimis increase. The Commission recognized, in adopting the Limit Order Display Rule, that SRO's may impose more stringent standards.<sup>5</sup>

The Commission finds that the Exchange's proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange. Specifically, the Commission

finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>6</sup> which requires an exchange to have rules designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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.

The Commission therefore finds good cause for approving the proposed rule change (SR-CHX-97-26) prior to the thirtieth day after date of publication of notice thereof in the **Federal Register**.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>7</sup> that the proposed rule change be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39539; File No. SR-NASD-97-92]

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to By-Law Amendment to Require Members To Update Firm Contact Information Electronically, To Maintain Electronic Mail Account, and for Other Purposes

January 12, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on December 19, 1997, the National Association of Securities Dealers, Inc. ("NASD" or "Association") 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 by the NASD. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

<sup>6</sup> 15 U.S.C. § 78f(b)(5).

<sup>7</sup> 15 U.S.C. § 78s(b)(2).

<sup>8</sup> 17 CFR 200.30-3(a)(12).

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

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

The Association is proposing the following changes to its by-laws, to require its members to update firm contact information electronically, to maintain an electronic mail (e-mail) address, and to make certain other technical changes:

#### By-Laws of the National Association of Securities Dealers, Inc.<sup>2</sup>

##### Article IV—Executive Representative

Sec. 3. Each member shall appoint and certify to the Secretary of the NASD one "executive representative" who shall represent, vote, and act for the member in all the affairs of the NASD, except that other executives of a member may also hold office in the NASD, serve on the Board or committees appointed under Article IX, Section 1 or otherwise take part in the affairs of the NASD. A member may change its executive representative upon giving notice thereof via electronic process or such other process the NASD may prescribe to the Secretary, or may, when necessary, appoint, by notice via electronic process to the Secretary, a substitute for its executive representative. An executive representative of a member or a substitute shall be a member of senior management and registered principal of the member. *Not later than January 1, 1999, each executive representative shall maintain an Internet electronic mail account for communication with the NASD and shall update firm contact information via the NASD Regulation Web Site or such other means as prescribed by the NASD.*

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##### Article VII—Board of Governors

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Sec. 9. (b) The National Nominating Committee shall consist of no fewer than six and no more than nine members. The number of [Industry] *Non-Industry* committee members shall equal or exceed the number of [Non-Industry] *Industry* committee members. If the National Nominating Committee consists of six members, at least two shall be Public committee members. If the National Nominating Committee consists of seven or more members, at least three shall be Public committee members. No officer or employee of the Association shall serve as a member of

<sup>2</sup> This version of the NASD By-Laws was approved by the Commission in Securities Exchange Act Release No. 39326 (Nov. 14, 1997), 62 FR 62385 (Nov. 21, 1997). Additions are italicized, deletions are bracketed.

<sup>4</sup> See SEC's Limit Order Adopting Release.

<sup>5</sup> See SEC's Limit Order Adopting Release at note 147.