

application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

Applicant's Representations

1. Applicant is an open-end management investment company organized as a Maryland corporation. On April 14, 1988, applicant filed a notice of registration pursuant to section 8(a) of the Act on Form N-8A and a registration statement on Form N-1A to register its shares. The registration statement became effective on June 7, 1988, and the initial public offering commenced on June 28, 1988.

2. On March 8, 1994, applicant's board of directors approved a proposal to liquidate and distribute applicant's assets to shareholders. Shareholders with account values of at least \$1,000 were provided with a Notice of Liquidation and Offer of Exchange allowing them the option of exchanging Fund shares for shares of General Municipal Money Market Fund, Inc. ("General Fund"), a money market mutual fund managed by The Dreyfus Corporation, or to redeem their shares with the remaining shareholders. Shareholders were required to respond by April 17, 1994 to accept the offer of exchange. No formal vote by shareholders was required to take any action to exchange out of or to liquidate Fund shares. On April 18, 1994, all outstanding shares of applicant were liquidated at the then-current net asset value of \$1.00 per share and the proceeds of such liquidation were paid to the record holders of applicant's shares or exchanged into the General Fund.

3. Distributions to all securityholders in complete liquidation of their interests have been made. No brokerage commissions were incurred.

4. On April 17, 1994, approximately 23,371,812.98 shares of common stock were outstanding at a net asset value of \$1.00 per share. At such date, aggregate net assets of applicant were \$23,371,812.98.

5. In connection with its liquidation, applicant incurred approximately \$4,000 of aggregate expenses, consisting primarily of printing and mailing costs, all of which were paid by FN Investment Center, a subsidiary of 1st Nationwide Bank F.S.B.

6. As of the date of this application, applicant has no outstanding debts or liabilities. Applicant has no shareholders and is not a party to any litigation or administrative proceeding. Applicant is not presently engaged in, nor does it propose to engage in, any business activities other than those

necessary for the winding-up of its affairs.

7. Applicant intends to file all documents required to terminate its existence as a Maryland corporation.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-233 Filed 1-4-95; 8:45 am]

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Self-Regulatory Organizations; Notice of Proposed Rule Change by National Association of Securities Dealers, Inc. Relating To Numbering and Terminology of Rules and Correction of Cross References

[Release No. 34-35150; File No. SR-NASD-94-64]

December 23, 1994.

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 December 13, 1994, 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.¹ 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 NASD is herewith filing a proposed rule change to Articles I, III, IV, V, VII, VIII, IX, XII and XVII of the By-Laws; and Articles I, II, III, IV and V of the Rules of Fair Practice. Below is the text of the proposed rule change. Proposed new language is in italics; proposed deletions are in brackets.

By-Laws

Article I

Definitions

When used in these By-Laws, and any rules of the Corporation, unless the context otherwise requires, the term:

(a) Unchanged.

(b) Unchanged.

[(r)] (c) "Board" means the Board of Governors of the Corporation.

¹ The NASD originally submitted the proposed rule change on November 28, 1994. On December 13, 1994, the NASD filed Amendment No. 1 to its filing requesting that certain language be deleted and substituted with the word "unchanged." This notice reflects the amendment.

[(c)] (d) "branch office" means an office defined as a branch office in Rule.²

[(d)] (e) "broker" means any individual, corporation, partnership, association, joint stock company, business trust, unincorporated organization or other legal entity engaged in the business of effecting transactions in securities for the account of others, but does not include a bank;

[(e)] (f) "Commission" means the Securities and Exchange Commission;

[(f)] (g) "Corporation" means the National Association of Securities Dealers, Inc.;

[(g)] (h) "dealer" means any individual, corporation, partnership, association, joint stock company, business trust, unincorporated organization or other legal entity engaged in the business of buying and selling securities for his own account, through a broker or otherwise, but does not include a bank, or any person insofar as he buys or sells securities for his own account, either individually or in some fiduciary capacity, but not as part of a regular business;

[(p)] (i) means "government securities broker" shall have the same meaning as in Section 3(a)(43) of the Act except that it shall not include financial institutions as defined in Section 3(a)(46) of the Act.

[(q)] (j) means "government securities dealer" shall have the same meaning as in Section 3(a)(44) of the Act except that it shall not include financial institutions as defined in Section 3(a)(46) of the Act.

[(s)] (k) "Governor" means a member of the Board.

[(h)] (l) "investment banking or securities business" means the business, carried on by a broker, dealer, or municipal securities dealer (other than a bank or department or division of a bank), or government securities broker or dealer of underwriting or distributing issues of securities, or of purchasing securities and offering the same for sale as a dealer, or of purchasing and selling securities upon the order and for the account of others;

[(i)] (m) "member" means any broker or dealer admitted to membership in the Corporation;

[(j)] (n) "municipal securities" means securities which are direct obligations of, or obligations guaranteed as to principal or interest by, a State or any political subdivision thereof, or any agency or instrumentality of a State or any political subdivision thereof, or any municipal corporate instrumentality of one or more States, or any security which is an industrial development

² Rule numbers will be inserted upon completion of the Manual revision project.

bond as defined by Section 3(a)(29) of the Act;

[(k)] (o) "municipal securities broker" means a broker, except a bank or department or division of a bank, engaged in the business of effecting transactions in municipal securities for the account of others;

[(l)] (p) "municipal securities dealer" means any person, except a bank or department or division of a bank, engaged in the business of buying and selling municipal securities for his own account, through a broker or otherwise, but does not include any person insofar as he buys or sells securities for his own account either individually or in some fiduciary capacity but not as a part of a regular business;

[(m)] (q) "person associated with a member" or "associated person of a member" means every sole proprietor, partner, officer, director, or branch manager of any member, or any natural person occupying a similar status or performing similar functions, or any natural person engaged in the investment banking or securities business who is directly or indirectly controlling or controlled by such member, whether or not any such person is registered or exempt from registration with the Corporation pursuant to these By-Laws;

[(n)] (r) "registered broker, dealer, municipal securities broker or dealer, or government securities broker or dealer" means any broker, dealer, municipal securities broker or dealer, or government securities broker or dealer which is registered with the Commission under the Act;

[(o)] (s) "rules of the Corporation" means all rules of the Corporation including the Certificate of Incorporation, By-Laws, Rules of Fair Practice, Government Securities Rules, Code of Procedure, Uniform Practice Code, any other rules, and any interpretation thereunder.

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Article III

Membership

Transfer and Termination of Membership

Sec. 7. (a) Except as provided hereinafter, no member of the Corporation may transfer its membership or any right arising therefrom and the membership of a corporation, partnership or any other business organization which is a member of the Corporation shall terminate upon its liquidation, dissolution or winding up, and the membership of a sole proprietor which is a member shall terminate at death,

provided that all obligations of the membership under the By-Laws and Rules [of Fair Practice] of the Corporation have been fulfilled.

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District Committees' Right to Classify Branches

Sec. 10. A District Committee may classify any branch of a member not meeting the definition of Article [(c)] [(d)] of the By-Laws as a "branch office" if such Committee is satisfied that the definition of Article [(c)] [(d)] of the By-Laws is substantially met and that the business of said branch in the district is of sufficient importance to justify such a classification.

Article IV

Registered Representatives and Associated Persons

Retention of Jurisdiction

Sec. 4. A person whose association with a member has been terminated and is no longer associated with any member of the Corporation or a person whose registration has been revoked shall continue to be subject to the filing of a complaint under the Code of Procedure based upon conduct which commenced prior to the termination or revocation or upon such person's failure, while subject to the Corporation's jurisdiction as provided herein, to provide information requested by the Corporation pursuant to [Article IV, Section 5 of the NASD Rules of Fair Practice] Rule _____, but any such complaint shall be filed within:

(a) two (2) years after the effective date of termination of registration pursuant to Section 3 above, provided, however, that any amendment to a notice of termination filed pursuant to Section [(b)] [(3)] that is filed within two years of the original notice which discloses that such person may have engaged in conduct actionable under any applicable statute, rule or regulation shall operate to recommence the running of the two-year period under this paragraph.

(b) Two (2) years after the effective date of revocation of registration pursuant to [Article V, Section 2 of the Association's Rules of Fair Practice] Rule _____; or,

(c) in the case of an unregistered person, within two (2) years after the date upon which such person ceased to be associated with the member.

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Article V

Affiliates

Agreement of Affiliate

Sec. 3. No applicant may become an affiliate of the Corporation unless it agrees:

(a) Unchanged.

(b) Unchanged.

(c) That, after affiliation, it will at all times keep its charter, by-laws, [rules of fair practice and code of procedure] and other rules so integrated with the corresponding Charter, By-Laws, [Rules of Fair Practice and Code of Procedure] and other rules of the Corporation as not to conflict in any way therewith; and

(d) Unchanged.

Conditions of Affiliation

Sec. 4. No applicant may become an affiliate of the Corporation unless it appears to the Board of Governors.

(a) Unchanged.

(b) That the charter, by-laws, [rules of fair practice and code of procedure] and other rules of the applicant are so integrated with the Corresponding Charter, By-Laws, [Rules of Fair Practice and Code of Procedure] and other rules of the Corporation as not to conflict in any way therewith.

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Article VII

Board of Governors

Powers and Authority of Board of Governors

Sec. 1. (a) Unchanged.

(1) Unchanged.

(2) adopt such Rules [of Fair Practice] and changes or additions thereto as it deems necessary or appropriate, provided, however, that the Board may at its option submit to the membership any such adoption, change or addition to the Rules [of Fair Practice];

[(3)] (a) adopt such rules as the Board of Governors deems appropriate to implement the provisions of the Act as amended and the rules and regulations promulgated thereunder, and (b) make such regulations, issue such orders, resolutions, interpretations, including interpretations of the rules adopted pursuant to this Section, and directions, and make such decisions as it deems necessary or appropriate.]

[(4)] (3) make such regulations, issue such orders, resolutions, interpretations, including interpretations of the Rules [of Fair Practice], and directions, and make such decisions as it deems necessary or appropriate;

[(5)] (4) prescribe a code of arbitration procedure providing for the required or voluntary arbitration of controversies

between members and between members and customers or others as it shall deem necessary or appropriate;

[(6)](5) establish rules and procedures to be followed by members in connection with the distribution of securities issued by members and affiliates thereof;

[(7)](6) require all over-the-counter transactions in securities between members, other than transactions in exempted securities, to be cleared and settled through the facilities of a clearing agency registered with the Commission pursuant to the Act, which clears and settles such over-the-counter transactions in securities;

[(8)](7) organize and operate automated systems to provide qualified subscribers with securities information and automated services. The systems may be organized and operated by a division or subsidiary company of the Corporation or by one or more independent firms under contract with the Corporation as the Board of Governors may deem necessary or appropriate. The Board of Governors may adopt rules for such automated systems, establish reasonable qualifications and classifications for members and other subscribers, provide qualification standards for securities included in such systems, require members to report promptly information in connection with securities included in such systems, and establish charges to be collected from subscribers and others;

[(9)](8) require the prompt reporting by members of such original and supplementary trade data as the Board deems appropriate. Such reporting requirements may be administered by the Corporation, a division or subsidiary thereof, or a clearing agency registered under the Act; and

[(10)](9) engage in any activities or conduct necessary or appropriate to carry out the Corporation's purposes under its Certificate of Incorporation and the federal securities laws.

(b) Unchanged.

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Authority to Take Action Under Emergency or Extraordinary Market Conditions

Sec. 3. (a) The Board of Governors, or between meetings of the Board, a Committee consisting of the Chairman of the Board (or in his absence, a Vice Chairman of the board), the President of the Corporation, and a member of the Executive Committee, in the event of an emergency or extraordinary market conditions, shall have the authority to take any action regarding [(i)](1) the trading in or operation of the over-the-

counter securities market, the operation of any automated system owned or operated by the Corporation or any subsidiary thereof, and the participation in any such system of any or all persons or the trading therein of any or all securities and [(ii)](2) the operation of any or all member firms' offices or systems, if, in the opinion of the Board of the Committee hereby constituted, such action is necessary or appropriate for the protection of investors or the public interest or for the orderly operation of the marketplace or the system.

(b) Unchanged.

(c) Unchanged.

Composition of Board

Sec. 4. (a) The management and administration of the affairs of the Corporation shall be vested in a Board of Governors composed of from twenty-five to twenty-nine Governors as determined from time to time by the Board. The Board shall consist of: [(i)](1) at least thirteen but not more than fifteen Governors to be elected by the members of the various districts in accordance with the provisions of subsection (b) hereof; [(ii)](2) at least eleven but not more than thirteen Governors to be elected by the Board in accordance with the provisions of subsection (c) hereof; [(iii)](3) the President of the Corporation to be selected by the Board in accordance with the provisions of Article X, Section 2 of the By-Laws. The Board, in exercising its power to determine its size and composition under this subsection (a), shall be required to select its members in a manner such that when all vacancies, if any, are filled, the number of Governors elected by the members of the various districts in accordance with subsection (b) hereof shall exceed the number of Governors (including the President) not so elected.

(b) Unchanged.

(c) The Board shall elect [(i)](1) at least three Governors representative of investors, none of whom are associated with a member or any broker or dealer; [(ii)](2) at least three Governors representative of issuers, at least one of whom is not associated with a member or any broker or dealer; [(iii)](3) at least three Governors chosen from members; [(iv)](4) at least one Governor representative of the principal underwriters of investment company shares or affiliated members; and [(v)](5) at least one Governor representative of insurance companies or insurance company affiliated members.

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Election of Board Members

Sec. 7. The Governors elected under subsection (b) of Section 4 of this Article shall be chosen as follows:

Procedure for Nominations by Nominating Committees

(a) Unchanged.

Nomination of Additional Candidates

(b) Unchanged.

Contested Elections

(c) If any additional candidate or candidates are nominated, as provided in subsection (b) of this Section, the District Committee shall forthwith cause the names of the regular candidate and of all other duly nominated candidates for each office to be placed upon a ballot, which shall be sent to all members of the Corporation eligible to vote in the district. Each member of the Corporation having its principal place of business in the district shall be entitled to one vote, and each member having one or more registered branch offices in the district shall be entitled to vote as provided in Section [8] 9 of Article III. The District Committee shall fix a date before which ballots must be returned to be counted. All ballots shall be opened and counted by such officer or employee of the Corporation as the Chairman of the District Committee may designate and in the presence of a representative of each of the candidates if such representation is requested in writing by any candidate named on the ballot. The candidate for each office to be filled receiving the largest number of votes cast shall be declared elected to membership on the Board of Governors, and certification thereof shall be made forthwith to the Board of Governors. In the event of a tie, there shall be a run-off election. In all elections held under this subsection voting shall be made by secret ballot, the procedure for which shall be prescribed by the Board of Governors.

Transitional Procedures

(d) Unchanged.

Filling of Vacancies on Board

Sec. 8. All vacancies in the Board other than those caused by the expiration of a Governor's term of office, shall be filled as follows:

(a) Unchanged.

(b) Unchanged.

(c) If the unexpired term is that of a Governor elected by the Board such vacancy shall be filled in accordance with the provisions of subsections [(c)(i)](c)(1) through [(c)(v)](c)(5) of

Section 4 of this Article as the case may be.

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Article VIII

District Committees

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Election of District Committee Members

Sec. 4. Members of the District Committees shall be elected as follows:

Procedure for Nominations by Nominating Committees

(a) Unchanged.

Nomination of Additional Candidates

(b) Unchanged.

Contested Elections

(c) If any additional candidate or candidates are nominated, as provided in paragraph (b) of this Section, the District Committee shall forthwith cause the names of the regular candidate for any contested office and of all other candidates for such office to be placed upon a ballot, which shall be sent to all members of the Corporation eligible to vote in the district. Each member of the Corporation having its principal place of business in the district shall be entitled to one vote, and each member having one or more registered branch offices in the district shall be entitled to vote as provided in Section [8] (9) of Article III. The District Committee shall fix the date before which ballots must be returned to be counted. All ballots shall be opened by such officer or employee of the Corporation as the Chairman of the District Committee may designate, and in the presence of a representative of each of the candidates if such representation is requested in writing by any candidate named in the ballot. The candidate for each office to be filled receiving the largest number of votes cast shall be declared elected to membership on the District Committee, and certification thereof shall be made forthwith to the Board of Governors. In the event of a tie, there shall be a run-off election. In all elections held under this Section, voting shall be by secret mail ballot, the procedure for which shall be prescribed by the Board of Governors.

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Article IX

Nominating Committees

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Election of Nominating Committees

Sec. 3 Members of the Nominating Committee shall be elected as follows:

Procedures for Nominations by Nominating Committees

(a) Unchanged.

Nomination of Additional Candidates

(b) Unchanged.

Contested Elections

(c) If additional candidates are nominated, as provided in paragraph (b) of this Section, the District Committee shall forthwith cause the names of the regular candidate and all other candidates for any contested office to be placed upon a ballot, which shall be sent to all members of the Corporation eligible to vote in the District. Each member of the Corporation having its principal place of business in the District shall be entitled to one vote, and each member having one or more registered branch offices in the District shall be entitled to vote as provided in Section [8] (9) of Article III. The District Committee shall fix the date before which ballots must be returned to be counted. All ballots shall be opened by such officer or employee of the Corporation as the Chairman of the District Committee may designate, and in the presence of a representative of each of the candidates, if such representation is requested in writing by any candidate named in the ballot. The candidate for each office to be filled receiving the largest number of votes cast shall be declared elected to membership on the Nominating Committee and certification thereof shall be made forthwith to the Board of Governors. In the event of a tie, there shall be run-off election. In all elections held under this Section, voting shall be by secret mail ballot, the procedure for which shall be prescribed by the Board of Governors.

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Article XII

Rules [of Fair Practice]

Sec. 1. To promote and enforce just and equitable principles of trade and business, to maintain high standards of commercial honor and integrity among members of the Corporation, to prevent fraudulent and manipulative acts and practices, to provide safeguards against unreasonable profits or unreasonable rates commissions or other charges, to protect investors and the public interest, to collaborate with governmental and other agencies in the promotion of fair practices and the elimination of fraud, and in general to carry out the purposes of the Corporation and of the Act, the Board of Governors is hereby authorized to adopt such Rules [of Fair Practice] for the members and persons associated

with members, and such amendments thereto as it may, from time to time, deem necessary or appropriate. If any such Rules [of Fair Practice] or amendments thereto are approved by the Commission as provided in the Act, they shall become effective [Rules of Fair Practice] Rules of the Corporation as of such date as the Board of Governors may prescribe. The Board of Governors is hereby authorized, subject to the provisions of the By-Laws and the Act, to administer, enforce, suspend, or cancel any Rules [of Fair Practice] adopted hereunder.

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Article XVII

Procedure for Adopting Amendments to By-Laws

Sec. 1. Any member of the Board of Governors by resolution, any District Committee by resolution, or any twenty-five members of the Corporation by petition signed by such members, may propose amendments to these By-Laws. Every proposed amendment shall be presented in writing to the Board of Governors and a record shall be kept thereof. The Board of Governors may adopt any proposed amendment to these By-Laws by affirmative vote of a majority of the members of the Board of Governors then in office. The Board of Governors, upon adoption of any such amendment to these By-Laws, except as to spelling or numbering corrections or as otherwise provided in these By-Laws, shall forthwith cause a copy to be sent to and voted upon by each member of the Corporation. If such amendment to these By-Laws is approved by a majority of the members voting within thirty (30) days after the date of submission to the membership, and is approved by the Commission as provided in the Act, it shall become effective as of such date as the Board of Governors may prescribe.

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Rules [of Fair Practice]

Article I

Adoption and Application

Adopting of Rules

Sec. 1. The following provisions are adopted pursuant to Article VII of the By-Laws of the Corporation and the provisions of Article III hereof are adopted as the Rules [of Fair Practice] of the Corporation, pursuant to Section 1 of [the] Article VII.

Effective Date

Sec. 2. The Rules shall become effective as provided in Section 1 of Article [VII] *XII* of the By-Laws.

* * * * *

Applicability

Sec. 5. (a) These Rules [of Fair Practice] shall apply to all members and persons associated with a member, other than those members registered with the Securities and Exchange Commission solely under the provisions of Section 15C of the Act and persons associated with such members. Persons associated with a member shall have the same duties and obligations as a member under these Rules [of Fair Practice].

(b) Unchanged.

(c) A member or person associated with a member who has been suspended from membership or from registration shall be considered as a non-member during the period of suspension for purposes of applying the provisions of these Rules [of Fair Practice of the Corporation] which govern dealings between members and non-members. However, such member or person associated with a member shall have all of the obligations imposed by the [By-Laws, Rules of Fair practice and other regulations] *rules* of the Corporation.

Article II

Definitions

Definitions in Rules

Sec. 1. When used in these Rules, unless the context otherwise requires—

(a)–(c) Unchanged.

“Rules”

(d) The term “Rules” means [the] Rules [of Fair Practice] as adopted and approved pursuant to Article VII of the By-Laws, or as the same may be hereafter amended or supplemented, as provided in the By-Laws.

“Code of Procedure”

(e) The term “Code of Procedure” means the [Code of Procedure for Handling Trade Practice Complaints prescribed by the Board of Governors pursuant to Article VII of the By-Laws] *procedural rules contained in the Rule series*.

(f) through (m) Unchanged.

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Article III

Rules [of Fair Practice]

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The Corporate Financing Rule

Underwriting Terms and Arrangements

Sec. 44.

(a)–(c) Unchanged.

[(d) Power of the Board of Governors The Board of Governors shall have the power to alter, amend, supplement or modify the provisions of Subsection (b) of this Section from time to time without recourse to the membership for approval as would otherwise be required by Article III of the By-Laws.]

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Article IV

Complaints

Availability to Customers of [Certificate, By-Laws, Rules and Code of Procedure] Rules of the Corporation

Sec. 1. Every member of the Corporation shall keep in each branch office maintained by him, in the form to be supplied by the Board of Governors, a copy of the [Certificate of Incorporation, By-Laws, Rules of Fair Practice, and Code of Procedure] *rules* of the Corporation, and of all additions and amendments from time to time made thereto, and of all published interpretive rulings made by the Board of Governors, all of which shall be available for the examination of any customer who makes requests therefor.

Complaints by Public Against Members for Violations of Rules

Sec. 2. Any person feeling aggrieved by any act, practice or omission of any member or any person associated with a member of the Corporation, which such person believes to be in violation of any of the Rules [of Fair Practice] of the Corporation, may, on the form to be supplied by the Board of Governors, file a complaint against such member or such persons associated with a member in regard thereto with any District Business Conduct Committee of the Corporation, and any such complaint shall be handled in accordance with the Code of Procedure of the Corporation *as set forth in the Rule series*.

Complaints by District Business Conduct Committees

Sec. 3. Any District Business Conduct Committee which, on information and belief, is of the opinion that any act, practice, or omission of any member of the Corporation or any person associated with a member is in violation of any of the Rules [of Fair Practice] of the Corporation, may, on the form to be supplied by the Board of Governors, file a complaint against such member or such person associated with a member in regard thereto with itself or with any other District Business Conduct Committee of the Corporation, as the necessities of the complaint may require, and any such complaint shall

be handled in accordance with the Code of Procedure *as set forth in the Rule series* and in the same manner as if it had been filed by an individual or member.

Complaints by the Board of Governors

Sec. 4. The Board of Governors shall have authority when on the basis of information and belief it is of the opinion that any act, practice or omission of any member of the Corporation or of any person associated with a member is in violation of any [rule of fair practice] *Rule* of the Corporation to file a complaint against such member or such person associated with a member in respect thereto or to instruct any District Business Conduct Committee to do so, and any such complaint shall be handled in accordance with the Code of Procedure *as set forth in the Rule series*.

Reports and Inspection of Books for Purpose of Investigating Complaints

Sec. 5. For the purpose of any investigation, or determination as to filing of a complaint or any hearing of any complaint against any member of the Corporation or any person associated with a member made or held in accordance with the Code of Procedure *as set forth in the Rule series*, any Local Business Conduct Committee, any District Business Conduct Committee, or the Board of Governors, or any duly authorized member or members of any such Committees or Boards or any duly authorized agent or agents of any such Committee or Board shall have the right (1) to require any member of the Corporation, person associated with a member, or person no longer associated with a member when such person is subject to the Corporation’s jurisdiction to report, either informally or on the record, orally or in writing with regard to any matter involved in any such investigation or hearing, and (2) to investigate the books, records and accounts of any such member or person with relation to any matter involved in any such investigation or hearing. No such member or person shall fail to make any report as required in this Section, or fail to permit any inspection of books, records and accounts as may be validly called for under this Section. Any notice requiring an oral or written report or calling for an inspection of books, records and accounts pursuant to this Section shall be deemed to have been received by the member or person to whom it is directed by the mailing thereof to the last known address of

such member or person as reflected on the Corporation's records.

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Article V

Sanctions for Violation of the Rules

Sec. 1. Any District Business Conduct Committee, Market Surveillance Committee, the National Business Conduct Committee, any other committee exercising powers assigned by the Board, or the Board in the administration and enforcement of these Rules, and after compliance with the Code of Procedure *as set forth in the Rule series*, may (1) censure any member or person associated with a member, and/or (2) impose a fine upon any member or person associated with a member, and/or (3) suspend the membership of any member or suspend the registration of a person associated with a member, if any, for a definite period, and/or for a period contingent on the performance of a particular act, and/or (4) expel any member or revoke the registration of any person associated with a member, if any, and/or (5) suspend or bar a member or person associated with a member from association with all members, and/or (6) impose any other fitting sanction deemed appropriate under the circumstances, for each or any violation of any of these Rules by a member or person associated with a member or for any neglect or refusal to comply with any orders, directions or decisions issued by any such committee or by the Board in the enforcement of these Rules, including any interpretative ruling made by the Board, as any such committee or the Board, in its discretion, may deem to be just; provided, however, that no such sanction imposed by any such committee shall take effect until the period for appeal therefrom or review thereof by the National Business Conduct Committee or the Board, as applicable, has expired and any such appeal or review has been completed in accordance with the Code or Procedure *as set forth in the Rule series*; and provided, further, that all parties to any proceeding resulting in a sanction shall be deemed to have assented to or to have acquiesced in the imposition of such sanction unless any party aggrieved thereby shall have made application for review thereof pursuant to the Code of Procedure *as set forth in the Rule series*, within fifteen (15) days after the date of the decision rendered in such proceeding.

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 change. 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

(a) The amendments are part of a multi-phase program in which the NASD is reorganizing the NASD Manual to make it more usable by members and other users of the Manual. It is contemplated that this will be a non-substantive reordering of the existing rules, interpretations, and other provisions of the Manual to establish a more logical progression of rules within the Manual. The program envisions that all rules in the NASD Manual, including not only the current Rules of Fair Practice but also such specialized rules as the Government Securities Rules, Nasdaq Rules, Code of Arbitration Procedure, etc., will be numbered consecutively throughout the Manual and considered together as "Rules." This project will require certain changes in numbering and terminology in the By-Laws and Rules of the NASD. In addition, a common numbering and naming scheme for subdivisions within a Rule will be used. Discussion of specific changes is set forth below.

By-Laws

The sections of Article I have been rearranged, so that the definitions are now in alphabetical order for easier use. In Section (d), space has been left for the proposed new number for Article III, Section 27, to be inserted. That number will not be printed in the Manual until the Rules have been entirely renumbered. The number is subject to later change by Board and staff action, if necessary, as provided in the proposed rule change to Article XVII of the By-Laws, below. The term "rules of the Corporation" in proposed Section(s) currently includes all rules that may now be referred to as Rules of Fair Practice, Government Securities Rules, the Code of Procedure, and the Uniform Practice Code. In the Manual revision

project, all rules of the Corporation other than the Certificate of Incorporation and By-Laws will be referred to as "Rules," with a capital "R." For purposes of proposed Section(s), however, the existing names for these types of rules have been retained to make clear exactly what types of rules are included. To make the provision more broadly applicable as well, the language "any other rules" has been added. This would include, for example, the text of any Schedules that are converted to rules in the Manual revision project.

In Article III, Section 7, the term "Rules of Fair Practice" is proposed to be replaced with the general term "Rules," as described above. In Section 10, the reference to Article I(c) has been changed to reflect the new letter for the definition of "branch office," which was placed in alphabetical order and relettered as I(d).

In Article IV, Section 4, references to specific Rules of Fair Practice will be changed to the proposed new rule numbers that will be used in the Manual revision project. These new numbers will not be printed in the By-Laws until the entire Manual revision is completed. In accordance with authorization provided in Article XVII of the By-Laws, which is proposed to be amended in this filing, the staff will be able to adjust the final cross-references to various Rule numbers as the Manual revision proceeds. In Section 4(a), an existing, erroneous reference to Section 2(b) has been corrected. That change will be made in the Manual when this rule filing is approved.

In Article V, Sections 3 and 4, references to Rules of Fair Practice and the Code of Procedure have been changed to the more general term "other rules" as part of the Manual revision project.

In Article VII, Section 1, references to the "Rules of Fair Practice" have been changed to "Rules" to conform to the new terminology used in the Manual revision. In light of this change, former subsection (a)(3), which referred to the Rules of Fair Practice, would duplicate subsections (a)(2) and (4), which give the Board general authority to adopt rules and issue orders relating to the rules. The reference to implementing the provisions of the Act in Section 1(a)(3) is duplicative of Article XII, Sec. 1, which provides that the Board is authorized to adopt Rules "to carry out the purposes of the Corporation and of the Act." Therefore, it is proposed to delete subsection (a)(3) as part of the Manual revision project. The remaining subsections have been renumbered accordingly. In Sections 3 and 4, in

order to make the numbering scheme of the By-Laws internally consistent, using the method employed throughout the rules in the proposed Manual revision wherein subdivisions follow the format of (a)(1)(A)(i), the subsection numbers in lower-case Roman numerals have been replaced with Arabic numerals. In Section 7(b), the reference to "subsections (1) through (5) of Section 3(b)" is incorrect, as there are no longer such subsections. These provisions were replaced by Section 4(b) in 1990, but the cross reference was inadvertently left unchanged at that time. In Section 7(c), the reference to Section 8 of Article III should have been changed to Section 9 when those sections were renumbered in 1992. The proposed changes to Section 8 are related to the renumbering of subsections in Section 4 to conform to the standard numbering scheme.

The proposed changes to Article VIII, Section 4, and Article IX, Section 3, correct the same erroneous cross reference described previously under Article VII, Section 7(c). The changes are not related to the Manual revision project and will be implemented upon Commission approval.

The change to Article XII, Section 1, reflects the new terminology of "Rules" rather than "Rules of Fair Practice" that will be used in the Manual the revision.

The proposed amendment to Article XVII, Section 1, would provide latitude for the Board to approve minor changes to spelling or numbering in the By-Laws in order to correct errors or to conform to the renumbering of Rules referred to in the By-Laws, without the necessity of a membership vote. Such changes would continue to be called to the attention of members through the regular CH Report Letters updating the looseleaf Manuals.

* * * * *

Rules of Fair Practice

The amendments to Article I, Sections 1 and 5 reflect the change in terminology from "Rules of Fair Practice" to "Rules" as described above. These introductory provisions to the Rules of Fair Practice will be placed at the beginning of the entire set of Rules in the Manual revision. The Rules will then include not only the former Rules of Fair Practice, but also all other rules and codes of the NASD, by whatever name they may now be known. At that time, the Rules will no longer be divided into Articles, and the reference to "Article III" will be deleted. Also in Section 1, a superfluous word "the" has been deleted. In Section 2, a reference to the process for setting the effective date of Rules is proposed to be changed to clarify that the relevant provision is

in Article XII, not VII, of the By-Laws. In Section 5, paragraph (c), the term "rules" (of the Corporation) has been substituted for the longer list of provisions imposing obligations upon members, because, as defined in Article I, Section (o) of the By-Laws (to be relettered as Section (s) in this filing), the term "rules for the Corporation" includes all such provisions. In addition, a hyphen has been inserted in the word "nonmember" to conform to usage elsewhere in the Rules.

In Article II, Section 1(d), the reference to "Rules of Fair Practice" has been shortened to "Rules" in connection with the Manual revision, as described previously. In Section 1(e), the reference to the Code of Procedure has been amended to refer to the new portion of the Rules in which the Code will be found, and to correct an obsolete reference to the former name of the Code. The Board's authority to promulgate any type of rule is already stated in Section 1(d) above, and need not be repeated in Section 1(e). The proposed rule change would insert the new term "Rules" throughout the NASD Manual wherever the term "Rules of Fair Practice" is currently used. The new terminology and references to new Rule numbers will not be added to the Manual until the Rules are renumbered in connection with the Manual revision project.

In Article III, the title "Rules of Fair Practice" is proposed to be shortened to "Rules," as described above. In Section 44, the provision allowing the Board to amend the Filing Requirements paragraph of the Corporate Financing Rule is no longer necessary in light of the recent amendments to Article VII and XII of the By-Laws, which allow the Board to amend any Rules of the NASD. It is, therefore, proposed to be deleted at this time. The previous amendments were contained in SR-NASD-93-48, which was approved by the Commission on March 8, 1994.

In Article IV, Section 1, references to the Certificate of Incorporation, By-Laws, Rules of Fair Practice and Code of Procedure have been changed to "rules of the Corporation," as that term is defined in Article I, Section (o) of the By-Laws (to be relettered as Section(s) in this filing). In Sections 2, 3 and 4, the new terminology for Rules has been inserted. In Article IV, Sections 2, 3, 4, and 5; and Article V, Section 1, the term "Code of Procedure" has been retained for ease of recognition by members, but reference is also included to the proposed new Rule number series for the Code (to be inserted at a later date) so that it can easily be found in the Manual. The new Rule number will not

be used in the Manual until the Code of Procedure has been renumbered.

(b) The NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,³ in that the proposed rule change does not alter the substance of the NASD's By-Laws or Rules of Fair Practice; rather the proposed rule changes simplifies the terminology used for rules and corrects inadvertent errors and omissions. Making the NASD's Manual easier to use enhances the protection of investors and the public interest.

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

The Association 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

No comments were solicited or received by the NASD.

III. Date of Effectiveness of the Proposed Rule Change 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 reasons 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 person 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

³ 15 U.S.C. Sec. 78o-3.

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. Copies of such filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to the file number in the caption above and should be submitted by January 26, 1995.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-191 Filed 1-4-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-35157; File No. SR-NASD-94-73]

Self-Regulatory Organizations; Notice and Immediate Effectiveness of Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to an Increase in the Automated Confirmation Transaction Service Fees

December 27, 1994.

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 December 8, 1994 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

The NASD is proposing to increase, by 15%, all existing service fees paid by NASD members that participate in the Automated Confirmation Transaction Service ("ACT" or "Service").¹ The revised fees, which will take effect January 1, 1995, will be set forth in Section A(10) of Part VIII of Schedule D to the NASD By-Laws. The full text of the proposed rule change reflecting the 15% increase in ACT fees is set forth below. (New language is underlined and deletions are bracketed).

Part VIII—Schedule for NASD Charges for Services and Equipment

A. System Services

* * * * *

10. Automated Confirmation Transaction Service

The following charges shall be paid by the participant for use of the Automated Confirmation Transaction Service (ACT):

Transaction related charges:

Comparison	[\$0.0125] \$0.0144/side per 100 shares (minimum 40 shares; maximum 7,500 shares).
Late report—T+1	[\$0.25] \$0.288/side.
Browse/query	[\$0.25] \$.288/query. ¹
Terminal fee	[\$50.00] \$57.00/month (ACT only terminals).
CTCI fee	[\$500.00] \$575.00/month.
Service desk	[\$50.00] \$57.50/month. ²
Trade reporting	[\$.025] \$0.029/month (applicable only to reportable transactions not subject to trade comparison through ACT). ³
Risk Management Charges	[\$.03] \$0.035/side and [\$15] \$17.25/month per correspondent firm.

¹ Each Act query incurs the [\$0.25] \$0.288 fee; however, the first accept or decline processed for a transaction is free, to insure that no more than [\$0.25] \$0.288 is charged per comparison. Subsequent queries for more data on the same security will also be processed free. Any subsequent query on a different security will incur the [\$0.25] \$0.288 query charge.

²No change.

³No 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, 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 change. 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 purpose of this proposed rule change is to effect a 15% across-the-board increase in each of the service fees related to usage of ACT. This increase, which would take effect on January 1, 1995, constitutes the first increase in ACT fees since the Service became operational in the fourth quarter of 1989.² The necessity for this fee change traces to expanded ACT usage as a result of (i) increased trading volumes in The Nasdaq Stock Market ("Nasdaq") and in the segment of the over-the-counter ("OTC") equities market supported by the OTC Bulletin Board

service ("OTCBB") and (ii) the NASD mandate of real-time trade reporting in Nasdaq SmallCap issues and OTC equities. The aforementioned factors have caused ACT processing to consume a much larger share of network capacity than was originally projected in 1989.

In this regard, a positive correlation exists between Act usage and growth in trade volume as well as the number of securities subject to the NASD's trade reporting requirements. Between 1989 and 1993, the total share volume of Nasdaq grew from 33.5 to 66.5 billion shares, an increase of 98.5%. For the first ten months of 1994, the corresponding figure is approximately 62 billion shares. With respect to growth

⁴ 17 CFR 200.30-3(a)(12).

¹ The computer facilities that support the provision of ACT are operated by The Nasdaq Stock Market, Inc. ("NSMI"), a wholly owned subsidiary of the NASD.

² See Securities Exchange Act Release No. 27551 (December 19, 1989); 54 FR 53408 (December 28, 1989).