regarding trading activity in the underlying securities.

(7) Position Limits

The Exchange proposes to establish position limits for options on the S&P SmallCap 600 at 100,000 contracts on either side of the market, and no more than 60,000 of such contracts may be in the series in the nearest expiration month. The Exchange represents that these limits are roughly equivalent, in dollar terms, to the limits applicable to comparable small-capitalization indexes, including the Wilshire Small Cap Index and the Russell 2000 Index.

(8) Exchange Rules Applicable

As modified herein, the Rules in Chapter XXIV will be applicable to S&P SmallCap 600 options.

CBOE represents that it has the necessary systems capacity to support new series that would result from the introduction of S&P SmallCap 600 options. CBOE has also been informed that the Options Price Reporting Authority (''OPRA'') believes that it has the capacity to support such new series.[6]

The CBOE believes that the proposed rule change is consistent with Section 6(b) of the Act in general, and furthers the objectives of Section 6(b)(5) in particular in that it will permit trading in options based on the S&P SmallCap 600 pursuant to rules designed to prevent fraudulent and manipulative acts and practices and promote just and equitable principals of trade, and thereby will provide investors with the ability to invest in options based on an additional index.

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

CBOE does not believe that the proposed rule change will impose any burden on competition.

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

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

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

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 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 in 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 No. SR–CBOE–94–43 and should be submitted by February 22, 1995.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–2387 Filed 1–31–95; 8:45 am]

BILLING CODE 8010–01–M

[6] See letter from Joseph P. Corrigan, Executive Director, OPRA, to Eileen Smith, Director, Product Development, CBOE, dated October 26, 1994.

[7] 17 CFR 200.30–3(a)(12) (1994).

[Release No. 34–35275; File No. SR–NASD–94–68]

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Order Granting Temporary Approval and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 2 of Proposed Rule Change to Extend the Interim SOES Rules

January 25, 1995.

I. Introduction

On December 1, 1994, the National Association of Securities Dealers, Inc. (''NASD'' or ''Association'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') a proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 thereunder.[2] The NASD proposes to extend through March 27, 1995 certain of the prior changes to its Small Order Execution System (''SOES'') that are scheduled to expire today. The currently effective prohibition on short selling in SOES would not be extended.

Specifically, the NASD proposes to extend changes that: (1) Reduced the maximum size order eligible for execution through SOES from 1,000 shares to 500 shares; (2) reduced the minimum exposure limit for ''unpreferenced'' SOES orders from five times the maximum order size to two times the maximum order size, and eliminated the exposure limits for ''preferenced orders''; and (3) implemented an automated function for updating market maker quotations when the market maker's exposure limit has been exhausted (collectively referred to hereinafter as the ''Amended Interim SOES Rules'').

In 1993, the Commission approved these changes to the SOES rules (as well as a short selling prohibition) on a one-year pilot basis.[3] Approval on a pilot basis was intended to permit the Commission to reconsider the effects of the rules in light of experience with the rules' operation in the marketplace.[4] The NASD now seeks extension of certain of these rules.

The NASD originally sought extension of the Amended Interim SOES Rules through May 1, 1995. Notice of that proposed rule change appeared in the **Federal Register** on December 16, 1994.[5] The Commission received comments from 58 commenters, with 12 supporting the proposal and 46 opposing it. On January 23, 1995, the NASD amended its proposal to request extension of the Amended Interim SOES Rules until March 27, 1995, rather than

[1] 15 U.S.C. § 78s(b)(1) (1988).

[2] 17 CFR 240.19b–4 (1994).

[3] Securities Exchange Act Release No. 33377 (Dec. 23, 1993), 58 FR 69419 (Dec. 30, 1993) (approving the Interim SOES Rules on a one-year pilot basis effective January 7, 1994). See also Securities Exchange Act Release No. 33424 (Jan. 5, 1994) (order denying stay and granting interim stay through January 25, 1994) and Securities Exchange Act Release No. 33635 (Feb. 17, 1994) (order denying renewed application for stay).

[4] Securities Exchange Act Release No. 33377 (Dec. 23, 1993), 58 FR 69419 (Dec. 30, 1993).

[5] The NASD amended the proposed rule change twice since it was originally filed with the Commission on December 1, 1994. The first amendment was included in the Commission's original notice. Securities Exchange Act Release No. 35077 (Dec. 9, 1994), 59 FR 65105 (Dec. 16, 1994).

until May 1, 1995.[6] For the reasons discussed below, this order approves the proposed rule change until March 27, 1995.

II. Description of the Proposed Rule Change

As noted above, the NASD has proposed to extend three of the four Interim SOES Rules that became effective January 25, 1994. The proposal does not include extending the short sale prohibition beyond January 25, 1995; thus, effective January 26, 1995, short sales in compliance with the NASD's short sale rule applicable to the Nasdaq market as a whole will be permitted in SOES.[7] The following restrictions will be effective until March 27, 1995:

(1) *SOES Maximum Order Size:* The maximum size order eligible for SOES execution will be 500 shares for the highest tier of Nasdaq National Market securities.[8]

(2) *SOES Minimum Exposure Limit:* The market maker's SOES minimum exposure limit will be two times the maximum order size. The rule change continues the application of the minimum exposure limit to unpreferenced orders only, so that preferenced orders will not count toward depletion of the minimum exposure limit.

(3) *Automated Quotation Updates:* The NASD proposes to continue providing an automated quotation update function for marker makers using SOES, at their election, on an issue-by-issue basis. If the automated update function is not used, when a market maker depletes its exposure limit in SOES, the market maker's quotation is closed to SOES executions until the market maker updates its quote and reestablishes its exposure limit. If used, the function updates a market maker's quotation in any Nasdaq security when its exposure limit has been exhausted, and reestablishes the original quotation size and exposure limit, thereby preventing closed quotations. Market makers electing to use the feature can set the fractional interval of the quotation update for each security and set their exposure limit at the maximum order size for that security that is, 500 shares for the highest tier of Nasdaq National Market securities.

In light of the NASD's implementation of short sale prohibitions on September 6, 1994,[9] the NASD will terminate the prohibition against short selling through SOES. Thus, beginning January 26, 1995, short sales in compliance with the NASD's short sale rule will be permitted through SOES.

III. Comments

Commenters supporting and opposing the proposal stated reasons similar to those put forth in response to the NASD's original proposal to adopt the Interim SOES Rules.[10] Commenters supporting the proposal argue that the Amended Interim SOES Rules will limit the exposure of market makers to multiple executions, which should produce narrower spreads and more liquid markets. Those opposing extension of the rules argue that market makers have ample opportunity to update their quotes in order to avoid multiple SOES executions. They contend that two studies submitted by proponents of the rules fail to show any increase in market quality as a result of the rules. They also argue that the SOES immediate automatic execution feature provides them the only meaningful access to the Nasdaq market because, they allege, market makers do not honor their quoted prices on the telephone or through SelectNet. These commenters assert that they cannot obtain quote-based trade executions except through SOES and that the Interim SOES Rules have thereby restricted their access to Nasdaq and the ability of certain customers to receive executions at quoted prices. These commenters argue that the Interim SOES Rules thus produce unfair discrimination and an inappropriate burden on competition.

IV. Discussion

The Commission must approve a proposed NASD rule change if it finds that the proposal is consistent with the requirements of the Act and the rules and regulations thereunder that govern the NASD.[11] In evaluating a given proposal, the Commission examines the record before it and relevant factors and information.[12] After balancing the advantages and disadvantages of extension, the Commission believes that limited extension of the Amended Interim SOES Rules through March 27, 1995 meets the above standards and is necessary and appropriate in the public interest and for the protection of investors. As discussed in more detail below, the Commission does not believe that, on the basis of the information before it, an extension of the Amended Interim SOES Rules beyond 60 days is justified under the applicable statutory standard. Nevertheless, because much information has been made available only recently, the Commission has determined that it is appropriate to provide this brief phase-out period (until March 27, 1995), which will enable the market to make an orderly transition.[13]

Because the Interim SOES Rules were approved only for a pilot period, the Commission noted in its approval order that it expected to revisit the issues presented by the NASD's proposal.[14] In

[6] Letter from T. Grant Callery, Vice President & General Counsel, NASD, to Mark Barracca, Branch Chief, SEC (Jan. 23, 1995).

[7] NASD Manual, Rules of Fair Practice, Sec. 48, CCH ¶ 2200H.

[8] Market makers must continue to display a size of 1,000 shares in their quotations for these securities, and to be firm for a minimum of 1,000 shares at their published quotation, for any negotiated transaction through SelectNet or over the telephone. See NASD Manual, Schedules to the By-Laws, Schedule D, Part VI, Sec. 2(a)—(b), CCh ¶ 1819.

[9] Securities Exchange Act Release No. 34277 (June 29, 1994), 59 FR 34885 (July 7, 1994) (approval of the NASD's short sale rule, effective September 6, 1994).

[10] These comments addressed the proposal to extend the Interim SOES Rules through May 1, 1995, as originally filed. As amended, those rules would now expire March 27, 1995. See *supra* note 5.

[11] 15 U.S.C. § 78s(b). The Commission's statutory role is limited to evaluating the rules as proposed against the statutory standards. See S.Rep. No. 75, 94th Cong., 1st. Sess., at 13 (1975).

[12] In the 1975 Amendments, Congress directed the Commission to use its authority under the Act, including its authority to approve SRO rule changes, to foster the establishment of a national market system and promote the goals of economically efficient securities transactions, fair competition, and best execution. Congress granted the Commission ''broad, discretionary powers'' and ''maximum flexibility'' to develop a national market system and to carry out these objectives. Furthermore, Congress gave the Commission ''the power to classify markets, firms, and securities in any manner it deems necessary or appropriate in the public interest or for the protection of investors and to facilitate the development of subsystems within the national market system.'' S. Rep. No. 75, 94th Cong., 1st Sess., at 7 (1975).

[13] The Commission does not believe that further extension of these restrictions without changes to benefit public investors would be appropriate.

[14] Both proponents of and opponents to the 1994 Interim SOES Rules argued that imposing the rules would affect the Nasdaq market. Opponents argued that the rules would heighten volatility and widen spreads. *E.g.*, Letters to Jonathan G. Katz, Secretary, SEC, from Michael Frey, President, A.J. Michaels & Co., at 7 (May 11, 1993); Douglas P. Ralston, President, Shearman, Ralston Inc., at 1 and 6 (May 10, 1993); and Harvey L. Pitt, counsel for Dina Securities, Inc., at 15 (June 11, 1993). The NASD and its supporters, on the other hand, argued that placing certain restrictions on the use of SOES, for example, lowering the maximum order size, would act to decrease volatility and narrow spreads. Securities Exchange Act Release No. 32143 (Apr. 14, 1993), 58 FR 21484 (Apr. 21, 1993) (notice of the NASD's proposed Interim SOES Rules, File No. SR–NASD–93–16). The Commission's December 1993 SOES order describes in some detail the order size reduction, the minimum order exposure limit reductions, and the automated quotation update feature that the NASD proposes to extend. See Securities Exchange Act Release No. 33377 (Dec. 23, 1993), 58 FR 69419 (Dec. 30, 1993). That order also discusses the NASD's rationale for these

approving the Interim SOES Rules, the Commission noted its concern over the lack of reliable statistical analysis. The Commission approved the rules, however, among other reasons, because of the rules' limited duration and because of the agency's commitment to monitor the rules' effects.[15] The Commission stated that extension of the Interim SOES Rules or other similar modifications upon expiration of the Interim SOES Rules would ''require an independent consideration under Section 19 of the Act.''[16]

In connection with its extension request, the NASD submitted an econometric study conducted by the NASD's Economic Research Department[17] and commissioned a consulting economist to provide an assessment of the effect of the Interim SOES Rules.[18] In summary, the NASD's Economic Research Department found that since implementation of the Interim SOES Rules: (a) Spreads in Nasdaq securities have declined; and (b) volatility of Nasdaq securities appears to be unchanged, except for brief, market-wide period of volatility in March and April 1994. The commissioned study reported that while percentage quoted spreads increased a statistically insignificant amount, percentage quoted spreads, adjusted for other determining factors, declined by a statistically significant, but economically insignificant, amount. From this data, the author concluded that the Interim SOES Rules did not harm market quality.

An evaluation of the empirical data submitted by the NASD does not persuasively demonstrate that the quality of the market improved subsequent to the adoption of the Interim Rules. The evidence in both studies shows that spreads declined, but the results were only marginally significant, and the size of the reduction is too small to be important. Nevertheless, the Commission believes that these studies demonstrate that the Interim Rules have operated for one year with no apparent significant negative implications for overall market quality.

The absence of negative implications for market quality must be considered in conjunction with other effects of the Interim SOES Rules on the investing public. Commenters opposed to the Interim SOES Rules argue that the restrictions impose a burden on the ability of some customers to obtain execution of transactions in size in the Nasdaq market. They contend that, to the extent that the Interim Rules restrict their access to SOES, their ability to obtain executions is limited because they cannot effectively trade over the telephone and through SelectNet. In support of these arguments, they refer to a large number of complaints alleging that market makers have refused to fill trades now ineligible for SOES execution at their quoted prices. In addition, they have provided anecdotal information that certain SOES order entry firms have suffered serious drops in daily trading volume since approval of the Interim Rules. The Commission takes such allegations seriously, and is reviewing them as part of its obligation to oversee the securities markets.

As indicated above, the Commission has determined to approve the Amended Interim Rules through March 27, 1995. In light of the balance of factors described above, the Commission does not believe that further extension of this proposal would be appropriate.[19] The short extension the Commission has determined to approve will permit the market to make an orderly transition to operation in a changed environment. The Commission believes that such a measure is appropriate in the public interest. Moreover, the Commission notes that the Amended Interim Rules, unlike the rules currently in effect, will permit the entry of short sale orders. The Commission believes this will ameliorate during the phase-out period the burdens associated with the Interim SOES Rules by expanding the types of orders that are eligible for automatic execution.

The Commission notes that subsequent to approval of the Interim SOES Rules in December 1993, the NASD submitted a proposal to replace SOES with the Nasdaq Primary Retail Order View and Execution System (''N•PROVE''). As currently proposed, N•PROVE would differ from SOES in two general ways:

- N•PROVE would provide a facility for automated routing and execution of small orders, allowing market makers a 15 second opportunity to decline an order (if consistent with the Firm Quote Rule, permitting a brief period for quote updates). SOES generally provides immediate execution of orders against an assigned market maker at the best bid or offer and thereafter notifies the affected market maker; and
- N•PROVE would provide an opportunity for public limit orders to interact with other limit orders and incoming market orders, and for execution of market orders at prices superior to the best market maker quotes. SOES provides limited opportunity for such interaction.

In light of comments received as recently as January 9, 1995 concerning N•PROVE, as well as other developments in the Nasdaq market,[20] the Commission believes that the NASD's N•PROVE proposal warrants further assessment. Among other matters, commenters have raised concerns about the NASD's ability to monitor sufficiently market maker compliance with the Firm Quote Rule and the potential for significant order queues to develop. Before further Commission action on N•PROVE, the Commission believes that the NASD should address such issues, including the potential for queuing during periods of market stress, whether there are restrictions on access to the system inconsistent with the purposes of the Act, and whether there are adequate mechanisms to ensure effective oversight of market makers' compliance with the Firm Quote Rule.

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changes to the SOES rules and the Commission's rationale for approving them for a one-year period.

[15] Securities Exchange Act Release No. 33377 (Dec. 23, 1993), 58 FR 69419 (Dec. 30, 1993).

[16] Securities Exchange Act Release No. 33377 (Dec. 23, 1993), 58 FR 69419 (Dec. 30, 1993) (footnote omitted). The Commission's order further stated that ''[t]he NASD should consider whether additional criteria for evaluating the effectiveness of the modifications are appropriate, and should include in its assessment of the modifications all factors that it deems relevant in evaluating the effects of the modifications [and] . . . [i]f an assessment is not feasible, the NASD should provide a reasoned explanation supporting that determination.'' *Id.*

[17] Securities Exchange Act Release No. 35080 (Dec. 9, 1994), 59 FR 65109 (Dec. 16, 1994). The NASD's Economic Research Department examined Nasdaq bid-ask spreads in specific stocks and price volatility on two sample days each month from November 1993 (three months prior to the effective date of the rules) through August 1994.

[18] Letter from John F. Olson, Counsel for the NASD, Gibson, Dunn & Crutcher, to Jonathan Katz, Secretary, SEC (Dec. 30, 1994) (submitting in connection with File No. SR–NASD–94–68 analysis entitled the Association Between the Interim SOES Rules and Nasdaq Market Quality prepared by Dean Furbush, Ph.D., Economists Incorporated (Dec. 30, 1994)). This analysis compared sample days in the three months prior to and three months after the effective date of the Interim SOES Rules.

[19] Of course, a different proposal that modified the Amended Interim Rules to provide additional public benefits would require an independent Commission determination.

[20] As has been widely disclosed, the Commission is conducting an inquiry into certain practices in the Nasdaq market and the Antitrust Division of the Department of Justice recently has made public an inquiry into whether Nasdaq market makers are violating federal antitrust laws. Although not tied directly to the Commission's consideration of the instant proposal, the Commission expects that these inquiries may provide valuable information that will affect future reform efforts and ultimately improve the quality of the Nasdaq market. In addition, the NASD has formed a committee headed by former U.S. Senator Warren Rudman to review the effectiveness of the operation and surveillance of Nasdaq and the governance of the NASD and Nasdaq.

V. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning Amendment No. 2. 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 in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to the file number SR–NASD–94–68 and should be submitted by February 22, 1995.

VI. Conclusion

The Commission, in the exercise of the authority delegated to it by Congress, and in light of its experience regulating securities markets and market participants, has determined that a temporary extension of the Amended Interim SOES Rules will provide an orderly phase-out period and is consistent with maintaining investor protection and fair and orderly markets, and that these goals, on balance, outweigh any temporary anti-competitive effects on order entry firms and their customers.

For the reasons discussed in this order, pursuant to Section 19(b)(2) of the Act,[21] the Commission finds good cause for approving the proposed rule change, as amended, prior to the 30th day after publication of Amendment No. 2 in the **Federal Register**. The proposed amendment shortens the date that the Amended Interim SOES Rules would expire from May 1, 1995 to March 27, 1995, and will facilitate maintenance of fair and orderly markets. Prior to Amendment No. 2, the proposed rule change was published in the **Federal Register** for the full statutory period.

Accordingly, the Commission finds that the rule change is consistent with the Act and the rules and regulations thereunder applicable to the NASD and, in particular, Sections 15A(b)(6), 15A(b)(9), and 15A(b)(11). In addition, the Commission finds that the rule change is consistent with the Congressional objectives for the equity markets, set out in Section 11A, of achieving more efficient and effective market operations, fair competition among brokers and dealers, and the economically efficient execution of investor orders in the best market.

It is Therefore Ordered, pursuant to Section 19(b)(2) of the Act, that the instant rule change SR–NASD–94–68 be, and hereby is, approved, effective January 26, 1995, extending the Interim SOES Rules, exclusive of the short sale prohibition, through March 27, 1995.

By the Commission.

Jonathan G. Katz,

Secretary.

[FR Doc. 95–2388 Filed 1–31–95; 8:45 am]

BILLING CODE 8010–01–M

[21] 15 U.S.C. § 78s(b)(2).

[Release No. 34–35274; File No. SR–NYSE–94–34]

Self-Regulatory Organizations; New York Stock Exchange, Notice of Filing of Extension of Comment Period Relating to Amendment of Exchange Rule 92—Limitations on Members' Trading Because of Customers' Orders

January 25, 1995.

On September 27, 1994, the New York Stock Exchange, Inc. (''NYSE'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') a proposed rule change (File No. SR–NYSE–94–34), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''), 15 U.S.C. § 78s(b)(1), and filed Amendment No. 1 thereto on December 20, 1994. The NYSE filed the proposal to amend NYSE Rule 92. Notice of the proposed rule change was provided by the issuance of a Commission release, Securities Exchange Act Release No. 35139 (December 22, 1994), 60 FR 156 (January 3, 1995).

The Commission received requests for extension of the period for public comment on the proposed rule change from several self-regulatory organizations (''SROs''). Pursuant to Section 19(b)(2) of the Act, the NYSE consented to an additional twenty-one day public comment period.[1] Because other SROs have expressed their intention to submit comments, a longer comment period is appropriate to ensure complete analysis of the proposal.

The Commission hereby extends the period for public comment on the proposed rule change until February 22, 1995.

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 20549. Copies of such filing will also be available for inspection and copying at the principal office of the NYSE. All submissions should refer to File No. SR–NYSE–94–34 and should be submitted by February 22, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30–3(a)(12).

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–2382 Filed 1–31–95; 8:45 am]

BILLING CODE 8010–01–M

[1] Letter from Donald Siemer, NYSE, to Katherine Simmons, SEC, dated January 24, 1995

[Release No. 34–35277; File No. SR–PSE–94–24]

Self-Regulatory Organizations; Order Approving a Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 1 to the Proposed Rule Change by the Pacific Stock Exchange, Inc., Relating to Financial Arrangements of Options Market Makers

January 25, 1995.

On September 9, 1994, the Pacific Stock Exchange, Inc. (''PSE'' or ''Exchange'') submitted to the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 thereunder,[2] a proposed rule change regarding financial arrangements of market makers and the trading restrictions that are imposed on market makers who have financial

[1] 15 U.S.C. § 78s(b)(1) (1988).

[2] 17 CFR 240.19b–4 (1992).