

charge of the Exchange's Control Room to turn off RAES with respect to a stock option if that senior person confirms that the Control Room has received a credible indication (including, but not limited to, information from the trading crowd)³ that trading in the underlying stock has been halted or suspended. After exercising such authority, that senior person would need to immediately seek confirmation of this decision from two Floor Officials. The purpose of this interpretation is to prevent orders from being placed on RAES during the interval after the trading in the underlying stocks has been halted or suspended but before two Floor Officials have declared a trading halt pursuant to Rule 6.3(a) or before a Post Director or Order Book Official has suspended trading pursuant to Interpretation .01 to Rule 6.3. This interpretation is necessary because, when a stock halts due to pending news, the direction of the effect of the news may be anticipated and, while Floor Officials are being called to a post to decide whether to halt trading, firms could place an order on RAES which could be detrimental to the market makers signed onto the system. Under the current Interpretations to Rule 6.3, the Post Director or Order Book Official must turn off RAES concurrently with any suspension of trading. If an "ST" symbol (for an exchange listed security) or an "H" symbol (for a security traded primarily in the over-the-counter market) is displayed on the Class Display Screen that displays current market information for the underlying security, the Order Book Official or Post Director may suspend trading in the related equity option for a period not to exceed five minutes and concurrently shall turn off RAES applicable to the affected options class or classes.⁴ The

³BOE represents that if information of an impending halt or suspension comes from the trading crowd or from a source other than hard information in the Control Room, the senior person in charge of the Control Room would first verify it before turning off RAES. To verify the existence of a trading halt or suspension, the senior person would rely upon hard information in the Control Room including (1) the quote of the underlying security being pulled from the Class Display Screen, (2) an ST or H appearing on the Class Display Screen via the Consolidated Tape Association, (3) a print-out in the Control Room confirming the halt or suspension of trading in the underlying security, and (4) notification of the trading halt or suspension via the "Hoot and Holler" system. The Hoot and Holler system is a voice linkage between all of the exchanges and the Commission. Telephone conversation between Edward Joyce, CBOE, and John Ayanian, Attorney, Office of Market Supervision ("OMS"), Division of Market Regulation ("Division"), Commission, on Thursday, February 16, 1995.

⁴See Securities Exchange Act Release No. 34126 (May 27, 1994), 59 FR 29309 (June 6, 1994)

Control Room, however, may receive information that trading has stopped in the underlying stock before the Post Director or Order Book Official sees the "ST" symbol or "H" symbol on the Class Display Screen for the underlying stock. Consequently, it is important for the Control Room to have authority to turn off RAES without being required to wait for the "ST" or "H" symbol to appear on the class display screen or for the Post Director or Order Book Official to act.

The proposal would provide that the Post Director, Order Book Official, or their representative will re-start RAES after the trading halt or suspension has ceased. This would be consistent with Rules 6.8(f) and 24.15(f), which provide that each day RAES is available, a Post Director or his representative will start RAES.

Conclusion

CBOE believes that the proposed rule changes are consistent with and further the objectives of Section 6(b)(5) of the Act, in that the rule changes are designed to perfect the mechanism of a free and open market and to protect investors and the public interest by enabling Floor Officials to evaluate and consider market conditions and circumstances in determining whether to halt or suspend trading and in deciding on a method to reopen trading after a halt or suspension. CBOE believes that the proposed rule change regarding the authority of the Control Room to turn off RAES with respect to a stock option upon credible information that trading in the underlying stock has been halted is also consistent with and furthers the objectives of Section 6(b)(5) of the Act, in that it is designed to perfect the mechanism of a free and open market.

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

CBOE does not believe that the proposed rule changes will impose any burden on competitions.

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

No written comments were solicited or received with respect to the proposed rule changes.

(Approval Order giving the Order Book Officials or the Post Director the authority to suspend trading, and to turn off RAES for the affected options class or class whenever trading in the underlying security is halted).

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

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 80 days of such date if it finds such longer period to be appropriate and publishes its reason for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve such proposed rule changes, or

(B) Institute proceedings to determine whether the proposed rule changes 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 changes that are filed with the Commission, and all written communications relating to the proposed rule changes 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 20549. Copies of such filing will also be available for inspection and copying at the principal office of CBOE. All submission should refer to file number SR-CBOE-95-05 and should be submitted by March 20, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,

Deputy Secretary.

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⁵ 17 CFR 200.30-3(a)(12) (1994).

[Release No. 34-35393; File No. SR-NASD-95-7]

Self-Regulatory Organizations; Notice of Proposed Rule Change by National Association of Securities Dealers, Inc. Relating To a Query-Based Vendor Fee for Distribution of Certain Market Information

February 17, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on February 3, 1995 the National Association of Securities Dealers, Inc. ("NASD" or "Association") filed with the Securities and Exchange

Commission ("Commission" or "SEC") 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 hereby files a proposed rule change to establish a vendor fee of \$.01/query for delivery of certain market information, on a non-continuous basis, to the vendor's subscribers. In this context, the term "vendor" may include an NASD member firm, or a non-

member engaged in the business of supplying financial data. The information being distributed would be real-time market data consisting of inside bid/ask and last sale information for securities listed on The Nasdaq Stock market ("Nasdaq"), various Nasdaq indices, and similar quotation and transaction information on over-the-counter ("OTC") equity securities.² The proposed fee would take effect within 90 days of the Commission's approval of this rule change, and be incorporated into Schedule D to the NASD By-Laws, Part VIII, Section C. The full text of the proposed rule change is set forth below. New language is italicized.

PART VIII—Schedule of NASD Charges for Services and Equipment

*	*	*	*	*	*	*	*
C. Special Options							
1.—4. No Change							
5. <i>Non-Continuous Access to Nasdaq Level 1 and Last Sale Information.</i> <i>Permits vendor to process and distribute Nasdaq Level 1 and Last Sale information to its subscribers on a non-continuous or query-response basis.</i> <i>\$.01/query.</i>							

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 next 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 sole purpose of this rule change is to establish a single fee for vendors wishing to provide basic, real-time market data to low volume users. In recent years, the NASD has been approached by several member firms that wished to provide retail customers with a cost-effective alternative to calling their brokers for current market information. Advances in telecommunications and personal computers ("PCs") have prompted firms to offer "snapshots" of real-time information through (i) telephonic,

voice-responsive services, (ii) dial-up PC services, (iii) display phones, and (iv) pagers. The typical users of such services are individual investors who may be monitoring the value of a portfolio, tracking intra-day activity in a given stock to facilitate an investment decision, or observing a market trend based on periodic queries for the current level of a popular stock index. In some instances, the member firm will levy a modest charge on its customers who elect to access current market information through these devices. In sum, the market data needs of the target users do not warrant their subscription to a bundled service offered by a commercial vendor which service frequently includes analytic information, ticker displays, and dynamically-updated quotation and transaction information.

To date, the parties most interested in providing basic market data directly to investors have been NASD members with a large base of retail clients. This proposal is intended to accommodate the business needs of such firms at a price that should prove attractive to many small investors. Nevertheless, any commercial data vendors that might wish to offer this type of service will also be accommodated. The service covered by this proposal would be limited to "snapshots" of real-time

information furnished in response to a discrete query by the end user. The information provided through the query-response process would not be dynamically updated. Hence, the end user would have to make individual queries to obtain, for example, the most current quotation/last sale information on his/her portfolio of securities at various times during the trading day. This characteristic differentiates the instant service from most vendor offerings, which provide a continuous broadcast of real-time information with dynamic updating to authorized display devices. On the other hand, the instant service does not require the end user to have a costly piece of hardware to obtain current quotation/transaction prices on a given Nasdaq stock.

Interested vendors would provide the service pursuant to a contract with NSMI. Under this contract, the vendor would be responsible for monitoring query traffic and paying the appropriate amount to NSMI. The contract would permit periodic audits by NSMI to ensure payment of all monies due.

The NASD believes that the proposed rule change is consistent with the requirements of Sections 11A(a)(1)³ and 15A(b)(5)⁴ of the Act. Section 11A(a)(1) contains the Congressional findings and objectives respecting a national market system. Among other things, the

¹ 15 U.S.C. 78s(b)(1) (1988).

² The computer facilities that support the operations of Nasdaq are owned and operated by The Nasdaq Stock Market, Inc. ("NSMI"), a wholly-

owned subsidiary of the NASD. Among other things, NSMI is responsible for the collection, processing, and the distribution of real-time quotation and transaction data originated by broker-

dealer participants in Nasdaq and the OTC Bulletin Board ("OTCBB") service.

³ 15 U.S.C. 78k-1(a)(1).

⁴ *Id.* 78o-3(b)(5).

Congress advocated the application of new technologies to effect the widespread dissemination of quotation and transaction information to investors. Section 15A(b)(5) requires the equitable allocation of reasonable dues, fees, or other charges among persons using any facility or system which the NASD operates or controls.

The proposed service and fee are specifically designed to accommodate the information needs of individual investors, particularly small investors who do not require the breadth of market data and analytic information that an institutional investor or market maker would need. This initiative would enable any end user to receive selected, real-time market data for a fee of \$.01/query (payable by the vendor to NSMI) without the user having to acquire an expensive piece of hardware. Although the NASD (through NSMI) already has a non-professional subscriber fee of \$4/month/interrogation device for receipt of inside bid/ask and last sale prices,⁵ the cost of vendor supplied equipment and the fixed level of these fees (\$13 for access to information from all markets) tends to discourage subscription by low-volume users. Some of these end users instead choose to pay (to the vendor only) for electronic access to delayed market data; Nasdaq does not charge for delayed information. The instant proposal would provide a superior option to small investors wishing to access current market information, on demand, for either Nasdaq or OTC equities. Accordingly, the NASD posits that this proposal will facilitate broader dissemination of Nasdaq and OTC market data to retail investors.

Further, the NASD submits that the proposal is consistent with the requirements of Section 15A(b)(5) in that \$.01/query fee is believed to be readily affordable to small investors, the most likely end users. As noted above, some of these individuals may now pay a fee to vendors to access delayed market data via telephonic voice response systems. The proposed fee is structured to strike a balance between affordability and the provision of real-time market data in response to discrete queries by end users. Based on these factors, the NASD reiterates the belief that this proposal is consistent with the requirements of Section 15A(b)(5).

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

The NASD believes that the proposed rule change will not result in any

burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Comments 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 NASD 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 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 File Number SR-NASD-95-7 and should be submitted by March 20, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-35395; File No. SR-PSE-95-03]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Pacific Stock Exchange, Inc. Relating To Establishing New Listing Fees Applicable to Small Corporate Offering Registration ("SCOR") Securities

February 17, 1995.

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 February 13, 1995, the Pacific Stock Exchange, Inc. ("PSE" or "Exchange") 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 self-regulatory organization. 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 PSE is proposing to establish new fees applicable to Small Corporate Offering Registration ("SCOR") securities.¹

SCOR Marketplace—Listing Fee Schedule

Original Listings

The Original Listing fees are fixed fees and issues are not charged by the number of shares being listed.

Common Stock.....	\$5,000.00
Preferred Stock.....	5,000.00

Processing Fee

Per Original Listing Application*.....	\$500.00
Name change.....	250.00
Change in Par Value.....	250.00

*This is a fixed charge for the review of potential listings and is non-refundable. Issues approved for listing may have this charge credited toward the original listing fee.

Substitution of Original Listing

Per Application.....Fixed charge of \$750.00

Substitution may occur as a result of a change in state of incorporation, reincorporation under laws of same state, a reverse stock split, recapitalizations, or similar events.

Listing of Additional Shares

Per Application:	
\$.0025 per share	
Minimum charge of \$500.00	
Maximum charge of \$2,500.00	

¹ The PSE's proposal for the listing and trading of SCOR securities is currently pending Commission approval. The proposal was published for public comment in Securities Exchange Act Release No. 35140 (December 22, 1994), 60 FR 159 (January 3, 1995) (File No. SR-PSE-94-31).

⁵ NASD Manual, Schedules to the By-Laws, Schedule D, Part VIII, Sec. A(8)(a), (CCH ¶ 1850).

⁶ 17 CFR 200.30-3(a)(12) (1994).