07 and should be submitted by October 14, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.[8]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–25028 Filed 9–19–97; 8:45 am]

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SECUTITIES AND EXCHANGE COMMISSION

[Release No. 34–39083; File No. SR–NASD–97–54]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by the National Association of Securities Dealers, Inc., Relating to Computer-to-Computer Interface Circuit Fees for Non-NASD Members

September 16, 1997.

On July 28, 1997, the Nasdaq Stock Market, Inc. (''Nasdaq'') 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 (''Exchange Act'') [1] and Rule 19b–4 thereunder [2] to amend Rule 7010 of the National Association of Securities Dealers, Inc. (''NASD'' or ''Association''), to charge Computer-to-Computer Interface (''CTCI'') subscribers that are not NASD members a circuit fee of $200 per month for each circuit. Notice of the proposed rule change, together with the substance of the proposal, was provided by issuance of a Commission release and by publication in the **Federal Register**.[3] No comment letters were received. The Commission is approving the proposed rule change.

I. Description of Rule Change

Nasdaq proposed the rule change in order to charge CTCI subscribers that are not NASD members a circuit fee of $200 per month for each circuit. Firms employ CTCI between their in-house computer systems and Nasdaq for a variety of functions, the most prevalent being order entry into the Small Order Execution System (''SOES'') and the reporting of transactions into the Automated Confirmation Transaction Service (''ACT''). Nasdaq currently supports a total of 449 circuits.

Although most users of CTCI are NASD members, a small number are not. Specifically, these are mutual funds or their pricing agents that may use CTCI for transmitting net asset values (''NAVs'') each day to Nasdaq's Mutual Fund Quotation Service. To ensure that the costs are uniformly allocated among all CTCI subscribers, Nasdaq is proposing to apply the circuit charge to these subscribers as well.

The CTCI network is presently managed by MCI Communications Corp., which is responsible for customer services including installation, relocation and trouble shooting. Subscribers pay a monthly fee to MCI for each circuit in use. Nasdaq does not currently charge CTCI subscribers beyond the fees associated with the transaction services supported by the CTCI network.

Nasdaq believes that the new fee structure is necessary due to adjustments and enhancements that Nasdaq has already made to support capacity for trading days of 1 billion shares currently, 1.5 billion shares by the end of 1997, and 2 billion shares in 1998. As the number of CTCI circuits grows, the potential to exceed capacity limits in the CTCI supported services, notably ACT and SOES, likewise increases. As a consequence, additional infrastructure enhancements will be required to maintain the level of support required to run these services at an acceptable level of performance. In addition to future systems enhancements, Nasdaq continues to incur costs for the support of CTCI circuits and subscribers. These costs include hardware and software enhancements and upgrades for the communications interfaces with Nasdaq systems, support of the subscriber database, customer telephone support and Nasdaq staff planning and provisioning for CTCI. A recent activity-based costing analysis indicated that these costs total approximately $1.1 million annually, which Nasdaq seeks to recover through this fee.

Nasdaq believes that the proposed rule change is consistent with the provisions of Section 15A(b)(5) of the Exchange Act,[4] which requires that the rules of the NASD provide for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which the NASD operates or controls.

II. Discussion

The Commission finds the proposed rule change is consistent with the requirements of the Exchange Act and the rules and regulations thereunder applicable to a national securities association and, in particular, the requirements of Section 15A(b)(5) of the Exchange Act.[5] Section 15A(b)(5) requires that the rules of a national securities association provide for the equitable allocation of reasonable dues, fees, and other charges among members and issuers and other persons using any facility or system which the association operates or controls. The Commission believes that the CTCI fee for non-members is reasonable and results in an equitable allocation of the costs between NASD members and non-members associated with operating CTCI. The proposed rule change will merely act to offset Nasdaq's costs of doing so. Further, it is important that Nasdaq continue to increase its capacity and that it continue its infrastructure enhancements. Improvements such as these, which strengthen the national market system, are in the public interest. Accordingly, the Commission finds that Nasdaq's proposal is appropriate and consistent with the Exchange Act.

III. Conclusion

It Is Therefore Ordered, pursuant to Section 19(b)(2) of the Exchange Act, that the proposed rule change (SR–NASD–97–54) be, and hereby is, approved.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–25082 Filed 9–19–97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–39080; International Series Release No. 1100; File No. SR–ODD–97–1]

Self-Regulatory Organizations; OMLX, The London Securities and Derivatives Exchange Limited; Order Approving Proposed Options Disclosure Document, as Amended

September 15, 1997.

On June 30, 1997, OMLX, The London Securities and Derivatives Exchange

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[8] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] Securities Exchange Act Release No. 38925 (August 12, 1997), 62 FR 44158 (August 19, 1997). Concurrently, pursuant to Section 19(b)(3)(A)(ii) of the Exchange Act, Nasdaq filed with the Commission an identical rule change that applies to NASD members. *See* Securities Exchange Act Release No. 38926 (August 12, 1997), 62 FR 44157 (August 19, 1997).

[4] 15 U.S.C. 78*o*-3.

[5] In approving this rule, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

[6] 17 CFR 200.30–3(a)(12).