

significant change in the types or significant increase in the amounts of any effluents that may be released offsite.

2. The proposed amendment will not result in a significant increase in individual or cumulative occupational radiation exposure.

For the reasons provided in the assessment of criterion 1, the proposed amendment will not significantly increase the risk of a UF6 release. Therefore, having a single pressure switch in the ALRI set at +0.5 psig, as opposed to having redundant pressure switches, will not result in a significant increase in individual or cumulative occupational radiation exposures.

3. The proposed amendment will not result in a significant construction impact.

The proposed amendment does not involve any construction, therefore, there will be no construction impacts.

4. The proposed amendment will not result in a significant increase in the potential for, or radiological or chemical consequences from, previously analyzed accidents.

For the reasons provided in the assessment of criterion 1, the proposed amendment will not significantly increase the risk of a release of UF6 or of the products of its reaction with steam. Therefore, having a single pressure switch in the ALRI set at +0.5 psig, as opposed to having redundant pressure switches, will not result in a significant increase in the potential for, or radiological or chemical consequences from, previously analyzed accidents.

5. The proposed amendment will not result in the possibility of a new or different kind of accident.

Based on the staff's review of the proposed amendment, no new or different accidents were identified.

6. The proposed amendment will not result in a significant reduction in any margin of safety.

For the reasons provided in the assessment of criterion 1, the proposed amendment will not significantly increase the risk of a release of UF6 or of the products of its reaction with steam. Based on the staff's review of the proposed amendment, the staff concludes that there will be no significant reduction of any margin of safety.

7. The proposed amendment will not result in an overall decrease in the effectiveness of the plant's safety, safeguards, or security programs.

For similar reasons provided in the assessment of criterion 1, the proposed amendment will not significantly increase the risk of a release of UF6 or

of the products of its reaction with steam. In addition, the staff has not identified any criticality related implications from the proposed amendment. Based on the staff's review of the proposed amendment, the staff concludes that there will be no decrease in the effectiveness of the overall plant's safety program.

The staff has not identified any safeguards or security related implications from the proposed amendment. Therefore, the proposed amendment will not result in an overall decrease in the effectiveness of the plant's safeguards or security programs.

Effective date: The amendment to GDP-2 will become effective 5 days after issuance by NRC.

Certificate of Compliance No. GDP-2: The amendment will revise the Compliance Plan and the SAR.

Local Public Document Room location: Portsmouth Public Library, 1220 Gallia Street, Portsmouth, Ohio 45662.

Dated at Rockville, Maryland, this 26th day of November 1997.

For the Nuclear Regulatory Commission.

Carl J. Paperiello,

Director, Office of Nuclear Material Safety and Safeguards.

[FR Doc. 97-31797 Filed 12-3-97; 8:45 am]

BILLING CODE 7590-01-P

NUCLEAR REGULATORY COMMISSION

[Docket No. 72-22]

Private Fuel Storage Limited Liability Company Establishment of Local Public Document Room

Notice is hereby given that the Nuclear Regulatory Commission (NRC) has established a local public document room (LPDR) for records pertaining to Private Fuel Storage Limited Liability Company's (PFS) proposed independent spent fuel storage facility (ISFSI) to be constructed on the Skull Valley Goshute Indian Reservation, Utah.

Members of the public may now inspect and copy documents related to the proposed ISFSI at the University of Utah, Marriott Library, Documents Division, 295 S. 1500 East, Salt Lake City, Utah 84112-0860. The library documents division is open on the following schedule when school is in session: Monday through Thursday 7:00 a.m. to 11:00 p.m.; Friday 7:00 a.m. to 5:00 p.m.; Saturday 9:00 a.m. to 5:00 p.m.; and Sunday 11:00 a.m. to 9:00 p.m. Confirm the hours of operation during holiday and vacation periods.

For further information interested parties in the Tooele County area may

contact the LPDR directly through Mr. Lee Warthen, Documents Division, telephone number (801) 581-8394. Parties outside the service area of the LPDR may address their requests for records to the NRC's Public Document Room, Washington, DC 20555-0001, telephone number toll-free 1-800-397-4209.

Questions concerning the NRC's local public document room program or the availability of documents should be addressed to Ms. Jona Souder, LPDR Program Manager, Freedom of Information/Local Public Document Room Branch, Information Management Division, Office of the Chief Information Officer, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, telephone number (301) 415-7170 or toll-free 1-800-638-8081.

Dated at Rockville, Maryland, this 1st day of December, 1997.

For the Nuclear Regulatory Commission.

Russell A. Powell,

Chief, Freedom of Information/Local Public Document Room Branch, Information Management Division, Office of the Chief Information Officer.

[FR Doc. 97-31798 Filed 12-3-97; 8:45 am]

BILLING CODE 7590-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39366; File No. SR-NASD-97-60]

Self-Regulatory Organizations; Order Approving Proposed Rule Change Filed by the National Association of Securities Dealers, Inc. Relating to Trading Halts

November 26, 1997.

I. Introduction

On August 20, 1997, the National Association of Securities Dealers, Inc. ("NASD" or "Association") filed with the Securities and Exchange Commission ("SEC" or "Commission") pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act")¹ the proposed rule change, prepared by the Nasdaq Stock Market, Inc. ("Nasdaq"), relating to trading halts. The proposed rule change was published for comment in Securities Exchange Act Release No. 39196 (October 3, 1997), 62 FR 53361 (October 14, 1997) ("Notice of Proposed Rule Change"). No comments were received on the proposal. For the reasons discussed below, the

¹ 15 U.S.C. 78s(b)(1).

Commission is approving the proposed rule change.

II. Description

Nasdaq has proposed to amend NASD Rule 4120 and IM-4120-1 to expand Nasdaq's trading halt authority and to clarify procedures for initiating certain trading halts. Rule 4120 currently sets out the bases on which Nasdaq may initiate trading halts. In addition to the existing bases, the proposed amendments authorize Nasdaq to: halt trading in the third market of a Consolidate Quotation System ("CQS") security when a national securities exchange halts trading in such security for operational reasons; halt trading in a Nasdaq-listed security that is a derivative or component of a CQS security (such as a convertible bond, warrant, or unit), when a national securities exchange halts trading in the underlying CQS security for operational reasons; halt trading in an American Depository Receipt ("ADR") or other Nasdaq-listed security when a national or foreign securities exchange or regulatory entity imposes a regulatory trading halt in the security underlying the ADR or the Nasdaq-listed security; and halt trading when Nasdaq requests from an issuer information relating to material news or the issuer's compliance with Nasdaq listing qualification requirements. Additionally, the proposed amendments clarify that the procedures in the rule permit Nasdaq to initiate trading halts when material information emanates from a source other than the issuer.

First, the proposed amendments expand Nasdaq's existing authority to initiate a trading halt in the third market of an exchange-listed security when the primary market initiates an operational trading halt in such security.² Rule 4120(a)(3) currently authorizes Nasdaq to impose an operational trading halt in those exchange-listed securities traded through the ITS/CAES linkage.³ Under

²The "third market" is the market for exchange-listed securities away from exchange markets.

³ITS/CAES is the NASD's link to the Intermarket Trading System ("ITS"), which is a system that enables ITS/CAES market makers to trade certain exchange-listed securities—known as SEC Rule 19c-3 securities—by allowing such market makers to direct agency and principal orders to, and receive orders from, other ITS members. SEC Rule 19c-3 prohibits off-board trading restrictions from applying to securities that: (1) Were not traded on an exchange before April 26, 1979; or (2) were traded on an exchange on April 26, 1979, but ceased to be traded on an exchange for any period of time thereafter. (The Computer Assisted Execution System ("CAES") is the NASD's automated system that allows members to direct principal and agency orders in exchange-listed securities to CAES for automated execution in the third market). Thus, pursuant to the ITS Plan, trading in ITS/CAES is limited to SEC Rule 19c-3

the current rule, Nasdaq may initiate a trading halt when there is an order imbalance or influx in the security and the primary market halts trading to resolve operational issues. The proposed amendments expand Nasdaq's authority and permit Nasdaq to halt trading in all exchange-listed securities traded in the third market (*i.e.*, CQS securities)⁴—not just those securities traded through the ITS/CAES linkage—when a national securities exchange initiates an operational trading halt in the CQS security.⁵

In addition, the amendments authorize Nasdaq to halt trading in an exchange-listed security and which also is a derivative or component of a CQS security, when a national securities exchange imposes an operational trading halt in the CQS security, *i.e.*, when a national securities exchange halts trading in a CQS security for an order imbalance. Currently, the Nasdaq-listed derivative security would not be halted in conjunction with the operational trading halt in the CQS security, thus making it difficult for market makers in the Nasdaq-listed security to price accurately the derivative security due to the lack of current pricing information in the underlying CQS security. That is, because the primary market is temporarily closed, price discovery is not occurring in that venue, and market makers must attempt to determine pricing independent of the primary market or may wait until the primary market reopens to price their issues. The proposed amendments, however, would allow Nasdaq to halt trading in the Nasdaq-listed security, such as a Nasdaq-traded convertible bond whose value is tied closely to an exchange-listed security, when a national securities exchange initiates an operational trading halt in a CQS security. Similar to the current provisions of Rule 4120(a)(3), the proposed amendments permit CQS and Nasdaq market makers to commence quotations and trading at any time following the initiation of the operational trading halt. Nasdaq believes that the proposed amendments

securities and excludes those securities not subject to SEC Rule 19c-3.

⁴The Consolidated Quotation System ("CQS") is a service that provides quotations of all participating exchange specialists and market makers on all securities listed on the New York Stock Exchange and the American Stock Exchange, and selected securities listed on the regional stock exchanges.

⁵Thus, the proposed amendments would give Nasdaq expanded authority to initiate operational trading halts in the third market of SEC Rule 19c-3 securities, as well as those securities not subject to SEC Rule 19c-3.

foster orderly markets and investor protection because they allow Nasdaq to halt trading—based on a national securities exchange's operational trading halt—to allow market makers in related issues to assess the situation and determine the appropriate pricing of the security.

Second, Rule 4120 is being amended to authorize Nasdaq to halt trading in an ADR or other Nasdaq-listed security, when a national or foreign securities exchange or regulatory authority, for regulatory reasons, imposes a trading halt in the security underlying the ADR or the dually-listed (Nasdaq) security. There are times when another exchange, market, or regulatory entity—such as a Canadian commission or European market center with which a Nasdaq company's securities are registered or listed—implements a regulatory trading halt. These trading halts sometimes occur because the issuer is delinquent in making a required filing with the national or foreign securities exchange or regulatory entity, or the market or regulatory entity halts trading in the company's stock for a violation of that entity's rules or regulations. For example, an issuer, which is registered as a reporting company with a Canadian regulatory commission and which also is a Nasdaq-listed company or has its ADRs listed on Nasdaq, becomes delinquent in its filings with the Canadian commission. The Canadian commission subsequently initiates a trading halt in the issuer's securities. Currently, trading would continue on Nasdaq even though regulatory concerns prompted another regulatory entity to halt trading in the issuer's securities, because the issuer is in compliance with Nasdaq filing requirements. Under the proposed amendments, however, Nasdaq would now have the authority to halt trading.

Specifically, the amendments authorize Nasdaq to halt trading in an ADR or other Nasdaq-listed security, when the Nasdaq-listed security or the security underlying the ADR is listed on or registered with a national or foreign securities exchange or market and trading is halted in the security for regulatory reasons by such exchange or market, or regulatory authority overseeing such exchange or market. Thus, the amendments ensure investor protection because they allow Nasdaq to take coordinated action when another market or regulatory authority identifies a regulatory basis for halting trading in an issue.

Third, Rule 4120(a)(1) currently permits Nasdaq to halt trading in a Nasdaq-listed security to permit the dissemination of material news, and

Rules 4120(b)(1)–(3) set out the procedures for doing so.⁶ Specifically, Rule 4120(b)(1) requires Nasdaq issuers to inform Nasdaq of any material news prior to the release of such information, and Rule 4120(b)(3) authorizes Nasdaq to evaluate information provided by the issuer to determine if trading should be halted prior to the release of such information. Rule 4120(b)(3) does not specifically set out procedures for initiating a trading halt when Nasdaq is advised of material news about a particular Nasdaq issuer and such news emanates from a source other than that issuer. For instance, a Nasdaq issuer may be subject to an unsolicited take-over bid by another company, of which the Nasdaq-listed company is unaware. In such instance, the acquiring issuer might disseminate news about the unsolicited take-over bid to the public; thus, Nasdaq may learn of information warranting a trading halt from a source other than the Nasdaq issuer, such as a news headline.⁷ The proposed amendments to Rule 4120(b)(3) and IM-4120-1 clarify that Nasdaq may halt trading when Nasdaq learns of material news about an issuer, regardless of whether the news emanates from the particular issuer or from another source. Furthermore, proposed amendments to Rule 4120(b)(3) reflect that Nasdaq may halt trading without first consulting the issuer about material news because it may not be practicable or possible for Nasdaq to do so, such as when material news is released (without consultation with Nasdaq) by a source other than the issuer.

Next, the proposed amendments permit Nasdaq to halt trading when Nasdaq requests information from an

⁶ The proposed change to Rule 4120(a)(1) specifies that trading in a Nasdaq-listed security may be halted “to permit” the dissemination of material news. (Rule 4120(a)(1) currently provides that trading in a Nasdaq-listed security may be halted “pending” the dissemination of material news.) The rule is being amended to specifically authorize Nasdaq to halt trading when material news technically is not “pending,” but a trading halt is necessary to protect investors and maintain an orderly market. For example, there are instances where Nasdaq is not advised of pending material news, material news is disseminated partially, and Nasdaq learns of such news, and Nasdaq quickly determines that a halt is necessary to permit complete dissemination of the material news. Additionally, the amendments to Rule 4120(a)(1) will bring it into parity with the language in Rule 4120(a)(2).

⁷ If the company initiating the unsolicited take-over bid is a Nasdaq issuer, that company, in certain circumstances, may not be required to report the take-over bid to Nasdaq if such information is not material to the company. Thus, even if the company initiating the bid is listed on Nasdaq, Nasdaq may not be apprised of such information by either the Nasdaq company which is initiating the unsolicited take-over or the Nasdaq company which is the target of the unsolicited take-over.

issuer relating to material news or qualification matters. For example, Nasdaq may be advised of material news about an issuer which appears to be factually inaccurate or incomplete. This incomplete or inaccurate disclosure may raise regulatory and listing qualification issues (*i.e.*, whether the issuer is in compliance with all Nasdaq listing requirements, as set out in the Rule 4300 and 4400 Series), which Nasdaq staff would thoroughly investigate, *i.e.*, when a Nasdaq-listed company issues a press release making highly questionable claims of a significant discovery. The Nasdaq company is unable to immediately substantiate the basis for the claims, which raises serious concerns with Nasdaq as to the accuracy of the company’s public statement. Accordingly, Nasdaq staff determines that additional information from the issuer is required to evaluate whether the company’s public statement is accurate or requires further clarification. The proposed amendments permit Nasdaq, upon the request of certain information, to halt trading so that it may determine whether continued trading is advisable once the information is received and reviewed.

Nasdaq is proposing to amend IM-4120-1 to clarify that all trading halts initiated under Rule 4120—not just those imposed to permit the dissemination of material news—generally last one half hour, but may last longer if necessary to permit the dissemination of material news or if the original or an additional basis under Rule 4120(a) exits for continuing the halt. Furthermore, the statement in IM-4120-1 that Nasdaq will keep denials of rumors confidential is deleted to reflect Nasdaq’s policy of issuing press releases indicating that MarketWatch has reviewed unusual trading activity, has contacted the issuer, and is not initiating a halt because it has not been advised of a basis for doing so.⁸

The proposed amendments also include minor conforming changes to both Rule 4120 and IM-4120-1. For example, the procedures for halting trading have been consolidated into a revised Rule 4120(b)(4) in light of the inclusion of the additional bases for initiating trading halts. References in Rule 4120 and IM-4120-1 to the “Association” and “Market Regulation Department” have been replaced with references to “Nasdaq” and “MarketWatch Department” respectively, to reflect that Nasdaq has

⁸ Note that under the proposed amendments, Nasdaq still is required to keep confidential all non-public information and use such information only for regulatory purposes.

authority for trading halts under the Plan of Allocation and Delegation of Functions by NASD to Subsidiaries. Changes to Rule 4120(b)(2) reflect that issuers may notify MarketWatch of material news by facsimile, as well as by telephone—which is stated in the accompanying footnote to the rule but not in the rule text. Finally, references in Rules 6350(b) and 6430(b) to operational trading halts for ITS/CAES market makers have been changed to reflect that Rule 4120 will authorize Nasdaq to initiate trading halts for CQS market makers, as well as ITS/CAES market makers.

III. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Exchange Act and the rules and regulations applicable to the NASD and, in particular, with the requirements of Section 15(b). In particular, the Commission believes the proposal is consistent with the Section 15A(b)(6) requirements that the rules of a national securities association be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediment to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. In addition, the Commission believes that the proposed rule is consistent with Section 15A(b)(11) that requires that rules of the association be designed to produce fair and informative quotations, to prevent fictitious or misleading quotations, and to promote orderly procedures for collecting, distributing, and publishing quotations.

The Commission believes NASD Rule 4120 and IM-4120-1 will benefit investors because the expanded authority to halt trading will give Nasdaq third market makers the ability to allow a national securities exchange to adjust to an order imbalance or influx to better determine the appropriate price for a security. Third market makers will no longer have a disparate requirement to continuing pricing an exchange-listed security when a competing specialist has halted trading in that particular security. Moreover, Nasdaq may now also halt trading in a Nasdaq listed security that is a derivative of a security halted on a national securities exchange. Nasdaq market makers will no longer be required to price a derivative Nasdaq listed security when no accurate pricing information on the underlying security is available from a national securities exchange.

In addition to Nasdaq's expanded authority to initiate operational trading halts, the proposed rule change will expand Nasdaq's authority to initiate regulatory trading halts when it learns of regulatory concerns (either through a regulatory trading halt by another market or incomplete or inaccurate disclosure from the issuer). The Commission believes that Nasdaq's expanded authority will help prevent fraudulent practices and protect investors.

IV. Conclusion

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with the Exchange Act and the rules and regulations thereunder applicable to the NASD and, in particular, Sections 15A(b)(6) and 15A(b)(11).⁹

It is therefore ordered, pursuant to Section 19(b)(2) of the Exchange Act¹⁰ that the proposed rule change (SR-NASD-97-60) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-31753 Filed 12-3-97; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39367; File No. SR-NASD-97-53]

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Order Approving Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 2 to Proposed Rule Change Relating to Trading in Exchange-Listed Securities in the Third Market

November 26, 1997.

I. Introduction

On July 28, 1997, the National Association of Securities Dealers, Inc. ("NASD" or "Association"), through its wholly-owned subsidiary, 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 The proposed rule change relating to automated quotations in exchange-listed securities in the third market, including Amendment No. 1, was published for comment in Securities Exchange Act Release No. 38985 (August 27, 1997).² Two comment letters were received on the proposal.³ On October 10, 1997, the NASD filed Amendment No. 2, prepared by Nasdaq, which deferred the proposal for permissible uses of automated quotations with respect to exchange-listed securities included in the Intermarket Trading System ("ITS"). For the reasons discussed below, the Commission is approving the proposed rule change and granting accelerated approval to Amendment No. 2.

II. Description of the Proposal

The NASD's proposal included changes to several rules governing the trading in exchange-listed securities in the over-the-counter market, the so-called "third market." Specifically, the NASD proposed to amend rules of the NASD to: (1) Codify permissible uses of computer-generated quote systems with respect to exchange-listed securities;⁴ (2) eliminate the excess spread rule for market makers in exchange-listed securities; (3) reduce the minimum quotation size applicable to market makers in exchange-listed securities to one unit of trading (*i.e.*, 100 shares), regardless of whether the CQS market maker⁵ is displaying a customer's limit order or quoting for its own proprietary account; (4) extend exemptive provisions of the NASD's limit order protection rule applicable to Nasdaq-listed securities (the "Manning Rule") to exchange-listed securities; and (5) reduce from 1000 to 100 the number of shares that CAES will execute automatically.

¹ 15 U.S.C. 78s(b)(1).

² 62 FR 46787 (September 4, 1997).

³ See letter from Steven Alan Bennett, Senior Vice President and General Counsel, BankOne, to Mr. Jonathan Katz, Secretary, SEC, dated September 25, 1997 ("BankOne Letter"); and letter from James E. Buck, Senior Vice President and Secretary New York Stock Exchange to Mr. Jonathan G. Katz, Secretary, SEC, dated September 29, 1997 ("NYSE Letter").

⁴ However, with the approval of Amendment No. 2 to the proposal, exchange-listed securities that are included in the ITS/Computer Assisted Execution System ("CAES") linkage are not subject to the NASD's rule regarding permissible uses of computer-generated quote systems.

⁵ Quotations and quotation sizes in reported securities may be entered into the Consolidated Quotations Service ("CQS") through The Nasdaq Stock Market only by an Association member registered with it as a CQS market maker. See NASD Rule 6320.

a. Permissibility of the Use of Certain Automated Quotation Generation Systems

The plan governing the ITS Plan currently provides that exchange specialists and CQS market makers may use "automated quotation tracking systems," provided that the quotations generated by such systems are for 100 shares or less ("100-Share Autoquoting Limitation"). Despite the ITS plan's allowance of 100-share autoquotes, the NASD currently prohibits CQS market makers from using autoquote systems to effect automated quote updates or to track the inside market. In addition, the NASD currently requires CQS market makers to maintain a minimum quotation size of 500 shares, with the exception of displaying a customer limit order, which also effectively prohibits CQS market makers from autoquoting.

The NASD's proposal explicitly accommodates computer-generated quotations that add value to the market and do not raise quotation accessibility concerns or compromise the capacity or integrity of Nasdaq. Specifically, the proposed rule change amends NASD Rule 6330 to permit computer-generated quotations in exchange-listed securities that generate proprietary quotes for 100 shares or more if such quote systems equal or improve either or both sides of the NBBO. For example, if a CQS market maker utilized a computer-generated quotation program to match the best offer (bid) and the market responsible to the best offer (bid) subsequently increased (decreased) its offer (bid) price, the CQS market maker could not use the program to track such inferior price. Thus, if the best offer is 20¹/₄, a CQS market maker could use the program to improve its offer to 20¹/₄. If the market responsible for the 20¹/₄ offer moved to 20³/₈, however, the CQS market maker could not use the program to move its offer to 20³/₈.

In addition, the proposed rule change amends Rule 6330 to permit computer-generated quotations that add size to the NBBO, or are used to expose a customer's market or marketable limit order for price improvement opportunities. These uses would be in addition to three other forms of computer-enhanced quotation maintenance programs referenced in the NASD's Autoquote Policy which are also being incorporated into Rule 6330 with respect to exchange-listed securities.⁶ With the exception of these

⁶ See NASD IM-4613. Specifically, these three forms are: (1) Quotation updates in response to an execution in the security by that firm (such as execution of an order that partially fills a market maker's quotation size); (2) quotation updates that

⁹ In approving this rule proposal, the Commission notes that it has also considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹⁰ 15 U.S.C. 78s(b)(2).

¹¹ 17 CFR 300.30(a)(12).