

are generally effected through the Automated Account Transfer Service ("ACATS") which is a system administered by the National Securities Clearing Corporation ("NSCC"). Since ACATS's inception in 1985, numerous enhancements to the system and to Rule 412 have allowed for faster and more efficient transfers of customer accounts. As a result of the work of an industry committee, the ACATS system is in the process of being redesigned to enhance and further expedite the transfer process. The purpose of the proposed rule change is to update Rule 412 to reflect these upgrades.

Currently, the ACATS system and Rule 412 provide for a seven day cycle to transfer a customer account. The proposed enhancements would reduce this cycle to six days. To illustrate, the current "Normal Transfer Stage" function cycle breaks down as follows:

	Current (days)	Proposed (days)
INPUT TIF <sup>3</sup> (Receiving Organization) AND VALIDATE (Delivering Organization) .....	3	3
ASSET REVIEW (Receiving Organization) .....	2	1
SETTLEMENT PREP (ACATS) .....	1	1
SETTLEMENT (ACATS) .....	1	1

The proposed rule changes would reduce the total post-validation transfer period from four to three days by streamlining the ASSET REVIEW portion of the transfer period from two days to one day.

In addition, the Exchange proposes to amend an interpretation to Rule 412 with respect to "reject codes." The interpretation currently enumerates the reasons for which a member organization may reject or take exception to an account transfer request. The proposed amendment deletes one current "reason" regarding "Account Type Mismatch" due to its limited usefulness arising from inconsistencies among member organizations in defining account types.

It is anticipated that ACATS system changes will become operational on January 25, 1999. Therefore, the Exchange proposes that the proposed rule changes become effective in accordance with the effective date of the ACATS system changes.

<sup>3</sup> Transfer Initiation Form. A basically standardized industry form submitted by the receiving organization to the delivering organization to request customer account transfers.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)<sup>4</sup> that an exchange have rules that are designed to promote just and equitable principles of trade, to remove impediments to and to perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. The proposed rule change is designed to accomplish these ends by reducing the time frame allowed for the transfer of customer accounts from one member organization to another.

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

The Exchange does not believe that the proposed rule change will impose 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*

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

Within 35 days of the 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 Exchange consents, the Commission will:

- (A) By order approve the 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, including whether the proposal is consistent with the Act. 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

<sup>4</sup> 15 U.S.C. 78f(b)(5).

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 Room. 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-98-30 and should be submitted by November 17, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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**SMALL BUSINESS ADMINISTRATION**

**Rocky Mountain States Regional Fairness Board Strategy Meeting**

The U.S. Small Business Administration Rocky Mountain States Regional Fairness Board Strategy Meeting, to be held on October 21, 1998, starting at 10:30 am at 721 19th Street (Room To Be Determined and Posted at Building Entrance), Denver, CO 80202, to collect Fairness Board members' comments on the 4/20/98 proceedings, as well as to obtain recommendations and other input for the annual Report to Congress.

For further information contact Gary P. Peele, telephone (312) 353-0880.

**Shirl Thomas,**

*Director, Office of External Affairs.*

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**SMALL BUSINESS ADMINISTRATION**

**Region IV, North Florida District, Jacksonville, FL, Advisory Council Meeting; Public Meeting**

The U.S. Small Business Administration, North Florida District Office, Jacksonville, Florida, Advisory Council will hold a public meeting from 12:00 p.m. to 2:00 p.m., November 12, 1998, at the North Florida SBA District Office, 7825 Baymeadows Way, Suite 100-B, Jacksonville, Florida, to discuss such matters as may be presented by members, staff of the U.S. Small Business Administration, or others present.

For further information, write or call Claudia D. Taylor, U.S. Small Business

<sup>5</sup> 17 CFR 200.30-3(a)(12).