

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

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

**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, including whether the proposed rule change 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 20549-0609. 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 CHX. All submissions should refer to File No. SR-CHX-99-12 and should be submitted November 15, 1999.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>6</sup>

**Margaret H. McFarland,**  
*Deputy Secretary.*

[FR Doc. 99-27714 Filed 10-22-99; 8:45 am]

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-42019; File No. SR-MSRB-99-7]

**Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Order Granting Approval to Proposed Rule Change Relating to an Amendment to Rule G-16 on Periodic Compliance Examinations**

October 15, 1999.

**I. Introduction**

On August 13, 1999, the Municipal Securities Rulemaking Board ("Board" or "MSRB") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change relating to Rule G-16 on periodic compliance examinations. The proposed rule change was published for comment in the **Federal Register** on August 20, 1999.<sup>3</sup> No comments were received on the proposed rule change. This order approves the proposed rule change.

**II. Description of the Proposal**

Section 15B(c)(7)(A)<sup>4</sup> of the Act provides that periodic examinations of dealers for compliance with MSRB rules are to be conducted by the National Association of Securities Dealers, Inc. ("NASD") with respect to securities firms and by the appropriate federal bank regulatory agencies with respect to bank dealers. Rule G-16 permits periodic examinations of dealers for compliance with MSRB rules to be combined with other periodic examinations of securities firms and bank dealers to avoid unnecessary regulatory duplication and undue regulatory burdens for such firms and bank dealers. Rule G-16 currently requires that compliance examinations for dealers be conducted at least once every 24 months.

By letter dated April 28, 1999, NASD Regulation, Inc. ("NASDR") requested that the Board revise Rule G-16. The letter stated that because of NASDR's efforts to coordinate examination schedules, NASDR believes that the Board should change the 24-month requirement in Rule G-16 to a two calendar year requirement.

NASDR stated that the requirement in Rule G-16 that municipal securities

examinations commence within 24 months of the previous examination takes precedence over all examinations when coordinating examination schedules. NASDR uses the "field work start date" of a firm's prior municipal securities examination to calculate the 24-month period for the purposes of Rule G-16. Applying this methodology, NASDR identifies all municipal securities examinations required in a given calendar year. A determination is then made as to whether the identified firms are also scheduled for a routine cycle examination during the same year.

If a routine cycle examination is required of a firm that is subject to a municipal inspection, the routine and municipal examinations are combined. If a routine cycle examination is not required, a separate "off-cycle" municipal examination may have to be conducted on-site. Whenever a municipal securities examination is accelerated, the due date for commencement of a subsequent examination is moved to an earlier period; increasingly the first quarter. NASDR stated that this hampers both current and future examination planning and coordination. NASDR stated that without the rule change it may be necessary to remove municipal securities examinations from the coordinated examination programs.

The proposed rule change alters Rule G-16's requirement that compliance examinations be conducted once every 24 months to once every two calendar years. The rule change is intended to facilitate coordination of on-site examinations to eliminate unnecessary regulatory duplication without negatively affecting investor protection. A formal Memorandum of Understanding among the North American Securities Administrators Association, Inc., Commission, NASDR and other securities industry self-regulatory organizations reflect the joint commitment to coordinated examinations.

**III. Discussion**

The Commission believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder.<sup>5</sup> In particular, the Commission finds that the proposed rule change is consistent

<sup>5</sup> In reviewing this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. The proposed rule change should improve efficiency and competition because it permits flexibility for scheduling periodic compliance examinations. 15 U.S.C. 78c(f).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Exchange Act Release No. 41773 (Aug. 20, 1999), 64 FR 47209 (Aug. 30, 1999).

<sup>4</sup> 15 U.S.C. 78o-4(c)(7)(A).

<sup>6</sup> 17 CFR 200.30-3(a)(12).

with Section 15B(b)(2)(C) <sup>6</sup> of the Act. Section 15B(b)(2)(C) of the Act requires, among other things, that the rules of the Board be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market, and, in general, to protect investors and the public interest. Specifically, the Commission believes that the proposed rule change will prevent fraudulent and manipulative acts and practices and promote just and equitable principles of trade by enabling the NASD to better coordinate periodic examination schedules.

The rule change will extend the maximum period between compliance examinations to three years. For example, if a dealer is examined in January, the two calendar year clock would not start running for the next compliance examination under Rule G-16 until the following January. While this could lengthen the time between compliance examinations, the Commission believes that enhancing the NASD's ability to coordinate examinations should reduce unnecessary regulatory duplication and regulatory burdens for dealers as well as permit the NASD to better allocate its examination resources. The Commission believes that the proposed rule change will ease the burdens for both the examiners and the dealers. By permitted more flexibility in arranging examination schedules, the change to Rule G-16 should result in scheduling examinations based on efficiency and methodology rather than the calendar.

#### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) <sup>7</sup> of the Act, that the proposed rule change (SR-MSRB-99-7) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority. <sup>8</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 99-27717 Filed 10-22-99; 8:45 am]

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#### SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3222]

##### State of Connecticut (Amendment #2)

In accordance with a notice received from the Federal Emergency

Management Agency dated October 13, 1999, the above-numbered Declaration is hereby amended to include Litchfield County, Connecticut as a disaster area due to damages caused by high winds, heavy rain, and flooding associated with Tropical Storm Floyd beginning on September 16, 1999 and continuing through September 21, 1999.

In addition, applications for economic injury loans from small businesses located in the contiguous County of Berkshire in the State of Connecticut may be filed until the specified date at the previously designated location. Any counties contiguous to the above-named primary county and not listed herein have been previously declared.

All other information remains the same, *i.e.*, the deadline for filing applications for physical damage is November 21, 1999 and for economic injury the deadline is June 23, 2000.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008)

Dated: October 15, 1999.

**Bernard Kulik,**

*Associate Administrator for Disaster Assistance.*

[FR Doc. 99-27803 Filed 10-22-99; 8:45 am]

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#### SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3214]

##### Commonwealth of Pennsylvania (Amendment #2)

In accordance with a notice received from the Federal Emergency Management Agency dated October 13, 1999, the above-numbered Declaration is hereby amended to include Berks County, Pennsylvania as a disaster area due to damages caused by Hurricane Floyd beginning on September 16, 1999 and continuing through September 29, 1999.

In addition, applications for economic injury loans from small businesses located in the contiguous County of Schuylkill in the Commonwealth of Pennsylvania may be filed until the specified date at the previously designated location. Any counties contiguous to the above-named primary county and not listed herein have been previously declared.

All other information remains the same, *i.e.*, the deadline for filing applications for physical damage is November 16, 1999 and for economic injury the deadline is June 19, 2000.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008)

Dated: October 15, 1999.

**Bernard Kulik,**

*Associate Administrator for Disaster Assistance.*

[FR Doc. 99-27802 Filed 10-22-99; 8:45 am]

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#### SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3213]

##### Commonwealth of Virginia (Amendment #2)

In accordance with a notice received from the Federal Emergency Management Agency dated October 12, 1999, the above-numbered Declaration is hereby amended to include the following areas in the Commonwealth of Virginia as a disaster area due to damages caused by Hurricane Floyd beginning on September 13, 1999 and continuing through September 26, 1999: The Counties of Brunswick, Charles City, Essex, Fairfax, Hanover, Henrico, New Kent, Northampton, Richmond, and Westmoreland, and the Independent Cities of Hopewell and Poquoson.

In addition, applications for economic injury loans from small businesses located in the following contiguous areas may be filed until the specified date at the previously designated location: The counties of Arlington, Caroline, King George, Loudoun, Louisa, Lunenburg, Prince William, and Spotsylvania and the Independent Cities of Alexandria, Fairfax, and Falls Church in the Commonwealth of Virginia, and Montgomery County, Maryland. Any areas contiguous to the above-named primary areas and not listed herein have been previously declared.

All other information remains the same, *i.e.*, the deadline for filing applications for physical damage is November 16, 1999 and for economic injury the deadline is June 19, 2000.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008)

Dated: October 15, 1999.

**Bernard Kulik,**

*Associate Administrator for Disaster Assistance.*

[FR Doc. 99-27804 Filed 10-22-99; 8:45 am]

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#### SOCIAL SECURITY ADMINISTRATION

##### Office of the Commissioner; Cost-of-Living Increase and Other Determinations for the Year 2000

AGENCY: Social Security Administration.

ACTION: Notice.

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<sup>6</sup> 15 U.S.C. 78o-4(b)(2)(C).

<sup>7</sup> 15 U.S.C. 78s(b)(2).

<sup>8</sup> 17 CFR 200.30-3(a)(12).