

procedures to identify customer complaints and funds. These procedures include: (i) Forwarding opened incoming, written correspondence related to the dealer's municipal securities activities to a designated office, or supervising branch office, for review on a weekly basis; (ii) maintenance of a separate log for all checks received and securities products sold, which is forwarded to the supervising branch office on a weekly basis; (iii) communication to clients that they can contact the dealer directly for any matter, including the filing of a complaint, and providing them with an address and telephone number of a central office of the dealer for this purpose; and (iv) branch examination verification that the procedures are being followed.

The Commission believes that the standards and guidelines set forth in new Rule G-27(d)(ii) and the Notice to Dealers will help to ensure that dealers continue to provide appropriate supervision of the public correspondence of their municipal securities representatives and that customer complaints, funds, and securities are properly handled. For example, considering the complaint and the municipal securities representative's overall disciplinary history will help to ensure that dealers implement supervisory procedures appropriate for each representative. In this regard, the Commission would expect a dealer to consider providing heightened supervision for a representative with a history or pattern of customer complaints, disciplinary action, or arbitrations. Moreover, the Commission notes that the requirements in MSRB Rule G-27 and the Notice to Dealers are minimum requirements. The Commission expects each dealer to implement any additional procedures the dealer believes are necessary to provide appropriate supervision of all its municipal securities representatives and employees.

c. Electronic Correspondence

The Commission believes that the requirements specific to electronic communications both accommodate the growing use of correspondence sent and received in electronic format and help to ensure that dealers adopt appropriate supervisory procedures. In this regard, the Commission notes that the Notice to Dealers provides that a dealer's policies and procedures must prohibit municipal securities representatives' and other employees' use of electronic communications to the public unless those communications are subject to supervisory and review procedures

developed by the dealer. The Notice to Dealers also states that the MSRB expects dealers to prohibit communications with the public from employees' home computers or through third party computer systems unless the dealer is capable of monitoring the communications.

d. Books and Records

The Commission believes that it is reasonable for the MSRB to amend MSRB Rules G-8 and G-9 to require firms to maintain and preserve for three years (i) all written and electronic communications received and sent relating to the dealer's conduct with respect to municipal securities and (ii) records of compliance with MSRB Rule G-27(c) and (d). The Commission believes that requiring dealers to maintain and make available to the appropriate regulatory agency evidence that supervisory procedures have been implemented and carried out will help to ensure that dealers comply with the new requirements of Rule G-27. Moreover, the Commission believes that requiring the names of the persons who prepared and reviewed the correspondence to be ascertainable from the retained records will help to ensure that only appropriate persons prepare and supervise public correspondence.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2)⁹ of the Act, that the proposed rule change (SR-MSRB-00-01) is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 00-7202 Filed 3-22-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42537; File No. SR-NASD-99-77]

Self-Regulatory Organizations; Order Granting Approval of Proposed Rule Change by the National Association of Securities Dealers, Inc., Relating to the Mutual Fund Quotation Service

March 16, 2000.

I. Introduction

On January 4, 2000, the National Association of Securities Dealers, Inc. ("NASD"), through its wholly-owned

⁹ 15 U.S.C. 78s(b)(2).

¹⁰ 17 CFR 200.30-3(a)(12).

subsidiary, the Nasdaq Stock Market, Inc. ("Nasdaq"), submitted to the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to change the annual listing fees for the Mutual Fund Quotation Service ("MFQS" or "Service").

The proposed rule change was published for comment in the **Federal Register** on February 9, 2000.³ No comments were received on the proposal. This order approves the proposal.

II. Description of the Proposal

In its proposed rule change, Nasdaq proposed amendments to Rule 7090 to change the annual listing fees for the MFQS, which collects and disseminates data pertaining to the value of open-end and closed-end funds. The MFQS disseminates the valuation data for over 11,000 funds. The Service facilitates this process by providing for the automated entry, through a browser-based application, of pricing data by a fund and a fund's pricing agent.

Funds must meet minimum eligibility criteria in order to be included in the MFQS.⁴ The MFQS has two "lists" in which a fund may be included—the News Media List and the Supplemental List—and each list has its own eligibility requirements.⁵ If a fund qualifies for the News Media List, pricing information about the fund is eligible for inclusion in newspaper fund tables and is also eligible for dissemination over Nasdaq's Level 1 service,⁶ which is distributed by market data vendors. If a fund qualifies for the Supplemental List, the pricing information about that fund generally is not included in newspaper fund tables, but is disseminated over Nasdaq's Level 1 Service. The Supplemental List, therefore, provides significant visibility for funds that do not otherwise qualify for inclusion in the News Media List. Each fund incurs an annual fee for

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 42376 (February 2, 2000), 65 FR 6340.

⁴ See NASD Rule 6800.

⁵ *Id.*

⁶ Nasdaq Level 1 Service is a subscription-based data service that "includes the following data: (1) inside bid/ask quotations calculated for securities listed in the Nasdaq Stock Market and securities quoted in the OTC Bulletin Board (OTCBB) service; (2) the individual quotations or indications of interest of broker/dealers utilizing the OTCBB service; and (3) last sale information on securities classified as designated securities in the Rule 4630, 4640, and 4650 Series and securities classified as over-the-counter equity securities in the Rule 6600 Series." NASD Rule 7010(a).

inclusion in the Service.⁷ At the time of this proposed rule change, funds included in the News Media List paid an annual fee of \$275, and funds included in the Supplemental List paid an annual fee of \$200.

According to Nasdaq, the original MFQS was built as a DOS-based application, but in recent years technology has progressed, and thus user needs for the MFQS have increased. Responding to requests made by users of the MFQS, the mutual fund industry, and the Investment Company Institute ("ICI"), Nasdaq performed market research to determine which enhancements MFQS users would prefer in a redesigned Service. In its proposal, Nasdaq represents that since the last fee increase in 1996,⁸ the MFQS software application has been rewritten, and notable technology enhancements have been implemented to support the Service's functionality.

Specifically, in 1998, Nasdaq took the list of enhancements requested by MFQS users and developed and implemented an entirely new MFQS application that uses browser-based technology. The MFQS now permits funds included in the Service (or pricing agents designated by such funds) to use the browser-based technology to transmit directly to Nasdaq a multitude of pricing information, including information about a fund's net asset value, offer price, and closing market price. Nasdaq has incorporated 20 of the approximately 27 enhancements suggested by the mutual fund industry into the new MFQS application, and two more are scheduled for implementation in early 2000.

The browser-based MFQS upgrade became fully-operational in May 1999. In its proposal Nasdaq represents that, due to the significant costs for development, maintenance, and support of the new MFQS product, additional revenue was needed to (1) sustain the quality of the MFQS; and (2) make future product enhancements to the MFQS, to improve efficiency and accuracy of price reporting. In addition, the MFQS is operating at a yearly loss in light of the recent technology enhancements to the Service. Accordingly, Nasdaq proposes to increase its fees for the Supplemental List from \$200 to \$275 and for the News Media List from \$275 to \$400.

III. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities association, and in particular, with the requirements of Section 15A of the Act.⁹ Specifically, the Commission finds that the proposal is consistent with Section 15A(b)(5)¹⁰ of the Act.

Section 15A(b)(5)¹¹ of the Act 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 Nasdaq's proposed increase its user fees is a fair means of recovering the cost related to the development and maintenance of the enhanced MFQS. Moreover, the Commission believes that the increase in fees will support future improvements to the System that will improve efficiency and accuracy in the collection of pricing information. The Commission finds that the proposal is consistent with Section 15A(b)(5)¹² insofar as the fees will be imposed directly and only on those who requested and benefit from recent enhancements to the MFQS—users of the Service and the ICI. Consequently, the increased fees are reasonable and consistent with Section 15A(b)(5)¹³ of the Act.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁴ that the proposed rule change (SR-NASD-99-77) be and hereby is approved.¹⁵

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁶

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-7201 Filed 3-22-00; 8:45 am]

BILLING CODE 8010-01-M

⁹ 15 U.S.C. 78o-3.

¹⁰ 15 U.S.C. 78o-3(b)(5).

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

¹⁴ 15 U.S.C. 78s(b)(2).

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

¹⁶ 17 CFR 200.30-3(a)(12).

DEPARTMENT OF STATE

[Public Notice 3261]

Bureau of Educational and Cultural Affairs; Notice: Extension of Deadline for South Pacific Scholarship Program RFP

SUMMARY: The deadline for the South Pacific Scholarship RFP has been extended from April 7, 2000 to April 24, 2000. The RFP was originally published as Public Notice 3242 in the **Federal Register** on March 9, 2000 (65 FR 12609).

For further information, please contact Marianne Craven at mcraven@usia.gov 202/619-6409 (tel), or 202/205-2452 (fax).

Dated: March 15, 2000.

Evelyn S. Lieberman,

Under Secretary for Public Diplomacy and Public Affairs, Department of State.

[FR Doc. 00-7106 Filed 3-22-00; 8:45 am]

BILLING CODE 4710-11-P

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Notice of Meeting of the Trade and Environment Policy Advisory Committee (TEPAC)

AGENCY: Office of the United States Trade Representative.

ACTION: Notice that the April 4, 2000, meeting of the Trade and Environment Policy Advisory Committee will be held from 8:30 am to 12:00 noon. The meeting will be closed to the public from 8:30 am to 11:30 am and open to the public from 11:30 am to 12:00 noon.

SUMMARY: The Trade and Environment Policy Advisory Committee will hold a meeting on April 4, 2000 from 8:30 am to 12:00 noon. The meeting will be closed to the public from 8:30 am to 11:30 am. The meeting will include a review and discussion of current issues which influence U.S. trade policy. Pursuant to Section 2155(f)(2) of title 19 of the United States Code, I have determined that this meeting will be concerned with matters the disclosure of which would seriously compromise the development by the United States Government of trade policy, priorities, negotiating objectives or bargaining positions with respect to the operation of any trade agreement and other matters arising in connection with the development, implementation and administration of the trade policy of the United States. The meeting will be open to the public and press from 11:30 am to 12:00 noon, when trade policy issues

⁷ See NASD Rule 7090.

⁸ See Securities Exchange Act Release No. 37014 (March 22, 1996), 61 FR 14182 (March 29, 1996) (File No. SR-NASD-96-05).