

operates over new more powerful 56kb and T1 data lines and transmits electronic information using the industry-standard TCP/IP transmission protocol. Once the transition to EWNII is completed, Nasdaq will terminate its current X.25/bisynch network. This upgrade will require all current X.25/19.2kb users to install either 56kb or T1 lines. Nasdaq believes that, in return, these lines will provide a minimum data transmission capability of almost three times that of the current 19kb-based interface. Moreover, running a TCP/IP protocol over these faster 56Kb and T1 lines will allow Nasdaq to provide CTCI subscribers with linkages that are more robust, customizable, and efficient in the use of available network bandwidth.

2. Statutory Basis

Nasdaq believes that the proposed rule changes are consistent with Section 15A(b)(5) of the Act, 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.

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

Nasdaq 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

Nasdaq did not solicit or receive 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 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 NASD 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, as amended, 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 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 NASD. All submissions should refer to File No. SR-NASD-00-81 and should be submitted by February 6, 2001.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01-1150 Filed 1-12-01; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43821; File No. SR-NASD-80]

Self Regulatory Organization; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Computer to Computer Interface Fees for NASD Members

January 8, 2001.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

⁶ 17 CFR 200.30-3(a)(12).

("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 26, 2000, the National Association of Securities Dealers, Inc. ("NASD") through its wholly owned subsidiary, The Nasdaq Stock Market, Inc. ("Nasdaq") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by Nasdaq.³ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Nasdaq is proposing to amend NASD Rule 7010 to change the manner in which fees are assessed on NASD members who use a Computer-to-Computer Interface ("CTCI") to access Nasdaq services. This new fee structure has been created to reflect Nasdaq's adoption of a new Transmission Control Protocol/Internet Protocol ("TCP/IP") standard for CTCI linkages that will allow transmission of CTCI data using Nasdaq's Enterprise Wide Network II ("EWNII"). Nasdaq intends to impose these fees on a rolling basis on members as they are converted to the new protocol and T1 or 56kb lines.⁴ Proposed new language is in italics; proposed deletions are in brackets.

* * * * *

7000 Charges for Services and Equipment

7010. System Services

- (a) through (e) No Change.
- (f) Nasdaq Workstation™ Service
- (1) through (2) No Change.
- (3) The following charges shall apply for each CTCT subscriber:

[Service Charge	\$200/month per CTCT circuit]
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¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ On December 26, 2000, Nasdaq filed Amendment No. 1 with the Commission. Amendment No. 1 noted that Nasdaq's Board of Directors approved the proposed rule change at its meeting on October 4, 2000, and the NASD Board of Governors reviewed the proposal at its meeting on October 5, 2000.

⁴ Nasdaq has filed a separate proposal to impose these same fees on non-members who interact with Nasdaq through a CTCT. See Securities Exchange Act Release No. 43815 (January 8, 2001).

<i>Options</i>	<i>Price</i>
<i>Option 1:</i> <i>Dual 56kb lines (one for redundancy) and single hub and router:</i>	<i>\$1275/month</i>
<i>Option 2:</i> <i>Dual 56kb lines (one for redundancy), dual hubs (one for redundancy), and dual routers (one for redundancy).</i>	<i>\$1600/month</i>
<i>Option 3:</i> <i>Dual T1 lines (one for redundancy), dual hubs (one for redundancy), and dual routers (one for redundancy). Includes base bandwidth of 128kb</i>	<i>\$8000/month</i>
<i>Disaster Recovery Option:</i> <i>Single 56kb line with single hub and router. (For remote disaster recovery sites only)</i>	<i>\$975/month</i>
<i>Bandwidth Enhancement Fee (for T1 subscribers only)</i>	<i>\$4000/month per 64kb increase above 128kb T1 base.</i>
<i>Installation Fee</i>	<i>\$2000 per site for dual hubs and routers \$1000 per site for single hub and router</i>
<i>Relocation Fee (for the movement of TCP/IP-capable lines within a single location)</i>	<i>\$1700 per relocation</i>

* * * * *

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, Nasdaq included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. Nasdaq has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Nasdaq is proposing to amend NASD Rule 7010 to change the manner in which fees are assessed on NASD members who use a CTCI to access Nasdaq services. This new fee structure has been created to reflect Nasdaq's adoption of a new TCP/IP standard for CTCI linkages that will allow transmission of CTCI data using Nasdaq's EWNII. The CTCI network is a point-to-point dedicated circuit connection from the premises of brokerages and service providers to Nasdaq's processing facilities in Trumbull, Connecticut. Through CTCI, firms are able to enter trade reports to Nasdaq's Automated Confirmation Transaction Service ("ACT") and orders to Nasdaq ACES and Small Order Execution ("SOES") systems. CTCI also processes SelectNet transaction confirmation reports.

In response to numerous requests from market participants that Nasdaq upgrade the speed and reliability of its current CTCI data transmission environment, Nasdaq has determined to

sunset its existing CTCI X.25/bisynch network.⁵ This network currently operates using an X.25 transmission protocol over 19.2 kilo bits per second ("kb") transmission lines. This X.25 system will be replaced by linking current CTCI subscribers to Nasdaq's faster and more reliable EWNII. EWNII operates over new more powerful 56kb and T1 data lines and transmits electronic information using the industry-standard TCP/IP transmission protocol. Once the transition to EWNII is completed, Nasdaq will terminate its current X.25/bisynch network. This upgrade will require all current X.25/19.2kb users to install either 56kb or T1 lines. Nasdaq believes that, in return, these lines will provide a minimum data transmission capability of almost three times that of the current 19kb-based interface. Moreover, running a TCP/IP protocol over these faster 56Kb and T1 lines will allow Nasdaq to provide CTCI subscribers with linkages that are more robust, customizable, and efficient in the use of available network bandwidth.

2. Statutory Basis

Nasdaq believes that the proposed rule changes are inconsistent with Section 15A(b)(5) of the Act, 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.

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

Nasdaq 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.

⁵ Given the age of the current CTCI X.25 network, Nasdaq also anticipates difficulty in obtaining sufficient hardware to meet future CTCI needs using the X.25 infrastructure.

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

Nasdaq did not solicit or receive written comments on the proposed rule change.

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

The proposed rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,⁶ and Rule 19b-4(f)(2) thereunder,⁷ in that it establishes or changes a due, fee, or other charge. At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended, 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

⁶ 15 U.S.C. 78s(b)(3)(A)(ii).

⁷ 17 CFR 240.19b-4(f)(2).

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 NASD. All submissions should refer to File No. SR-NASD-00-80 and should be submitted by February 6, 2001.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01-1151 Filed 1-12-01; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43813; File No. SR-NASD-00-75]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change and Amendment No. 1 by the National Association of Securities Dealers, Inc. to Extend the Effectiveness of the Pilot Injunctive Relief Rule

January 5, 2001.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 19, 2000, the National Association of Securities Dealers, Inc. ("NASD" or "Association"), through its wholly-owned subsidiary NASD Dispute Resolution, Inc. ("NASD Dispute Resolution") filed with the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule change as described in Items I and II below, which Items have been prepared by NASD Dispute Resolution. On January 4, 2001, NASD Dispute Resolution submitted Amendment No. 1 to the proposed rule change.³ For the reasons discussed below, the Commission is publishing this notice to solicit comments on the proposed rule change and Amendment No. 1 and to approve the proposal and Amendment No. 1 on an accelerated basis.

⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See letter to Katherine A. England, Assistant Director, Division of Market Regulation, Commission, from Laura Leedy Gansler, Counsel, NASD Dispute Resolution, dated January 3, 2001 ("Amendment No. 1").

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

NASD Dispute Resolution is proposing to amend Rule 10335 of the Code of Arbitration ("Code") of the NASD, to extend the pilot injunctive relief rule for one year, pending Commission action on a pending rule filing, SR-NASD-00-02, to amend Rule 19335 and make it a permanent part of the code. Below is the text of the proposed rule change. Proposed new language is in italics; proposed deletions are in brackets.

10335. Injunctions

(i) Effective Date. This Rule shall apply to arbitration claims filed on or after January 3, 1996. Except as otherwise provided in this Rule, the remaining provisions of the Code shall apply to proceedings instituted under this Rule. This rule shall expire on [January 5, 2000] *January 4, 2002*, unless extended by the Association's Board of Governors.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, NASD Dispute Resolution included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item III below. NASD Dispute Resolution prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Rule 10335, the NASD's pilot injunctive relief rule, provides procedures for obtaining interim injunctive relief in controversies involving member firms and associated persons in arbitration. The rule has primarily been used in "raiding cases," or cases involving the transfer of an employee from one firm to another firm. Rule 10335 took effect on January 3, 1996, for a one-year pilot period. The SEC has periodically extended the initial pilot period in order to permit the NASD to assess the effectiveness of the

rule. The pilot rule is currently due to expire on January 5, 2001.⁴

NASD Dispute Resolution believes that it is in the interest of members and associated persons that the effectiveness of the pilot rule remain uninterrupted pending final Commission action on SR-NASD-00-02. Therefore, NASD Dispute Resolution believes that the pilot rule should be extended to January 4, 2002, or such earlier time as permitted by Commission action on the permanent rule filing, which makes clear that, if approved, the amended rule would supersede the pilot rule in its entirety.

2. Statutory Basis

NASD Dispute Resolution believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁵ which requires, among other things, that the Association's rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

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

NASD Dispute Resolution does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

C. Self-Regulatory Organization's Statement on Comments Received From Members, Participants, or Others

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

III. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended, is consistent with the Act.⁶ Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth

⁴ On January 12, 2000, NASD Regulation, Inc. filed a proposed rule filing, SR-NASD-00-02 to amend rule 10335 and to make it a permanent part of the Code. See Securities Exchange Act Release No. 42606 (April 3, 2000), 65 FR 18405 (April 7, 2000) (File No. NASD-00-02). Simultaneously with this rule filing, the NASD Dispute Resolution has filed a response to Comments and Amendment No. 3 to SR-NASD-00-02.

⁵ 15 U.S.C. 780a-(b)(6).

⁶ In reviewing this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f)