

arguments concerning Amendment No. 2, including whether Amendment No. 2 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 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, 450 Fifth Street, NW, Washington, DC 20549. Copies of all such filings will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to File No. SR-NASD-98-52 and should be submitted by December 28, 1998.

VI. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,³⁰ that the proposed rule change (SR-NASD-98-52), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.³¹

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-32400 Filed 12-4-98; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40718; File No. SR-NASD-98-96]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Correcting Cross-References in Rules to NASD By-Laws

November 30, 1998.

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 November 19, 1998, the National Association of Securities Dealers, Inc. ("NASD" or "Association"), through its wholly-

owned regulatory subsidiary, NASD Regulation, Inc. ("NASD Regulation"), filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by NASD Regulation. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

NASD Regulation is proposing to correct cross-references in the NASD Rules to the NASD By-Laws. The text of the proposed rule change is set forth below. Proposed new language is italicized; proposed deletions are in brackets.

Rule 0112. Effective Date

The Rules shall become effective as provided in Section 1 of Article [XII] XI of the By-Laws.

Rule 0120. Definitions

* * * * *

(i) "Member"

The term "member" means any individual, partnership, corporation or other legal entity admitted to membership in the Association under the provisions of Articles [II and] III and IV of the By-Laws.

* * * * *

Rule 1060. Persons Exempt from Registration

- (a) No change.
- (b) No change.

(1) the member firm has assured itself that the nonregistered foreign person who will receive the compensation (the "finder") is not required to register in the U.S. as a broker/dealer nor is subject to a disqualification as defined in Article [II] III, Section 4 of the Association's By-Laws, and has further assured itself that the compensation arrangement does not violate applicable foreign law;

* * * * *

Rule 1100. Foreign Associates

- (a) No change.
- (b) No change.

(1) Such person is not subject to any of the prohibitions to registration with the Association contained in Article [II] III, Section 4 of the By-Laws of the Association.

* * * * *

(c) In the event of the termination of the employment of a Foreign Associate, the member must notify the Association immediately by filing a notice of

termination as required by Article [IV] V, Section 3 of the By-Laws.

* * * * *

IM-2110-4. Trading Ahead of Research Reports

* * * * *

In accordance with Article VII, Section 1(a)[(2)](ii) of the NASD By-Laws, the Association's Board of Governors has approved the following interpretation of Rule 2110.

* * * * *

IM-2210-4. Limitations on Use of Association's Name

(a) Use of Association Name

Members may indicate membership in the Association in conformity with Article [XVI] XV, Section 2 of the NASD By-Laws in one or more of the following ways:

* * * * *

IM-2420-1. Transactions Between Members and Non-Members¹

(a) Non-members of the Association.

* * * * *

(4) Broker or Dealer Registration Revoked by SEC

Revocation by the Commission of an Association member's registration as a broker or dealer automatically terminates the membership of such broker or dealer in the Association as of the effective date of such order. Under Article [II] III, Section 4 of the By-Laws of the Corporation, a firm whose registration as a broker or dealer is revoked is thereby disqualified for membership in the Association, and from the effective date of such order, the membership of such broker or dealer in the Association is discontinued. Thereafter such broker or dealer is a non-member of the Association.

(5) Membership Resigned or Canceled

The membership of a broker or dealer in the Association is automatically terminated when the Association accepts the resignation of such member or cancels its membership in the Association under the provisions of Article [II] III, Section 3; Article [III] IV, Section 5; or Article [XIV] XIII, Section 1, of the By-Laws. After the date of acceptance by the Association of the resignation of such member or the date of cancellation of membership by the Association, such broker or dealer is a non-member of the Association.

* * * * *

IM-2420-2. Continuing Commissions Policy

* * * * *

¹ Text of note unchanged.

³⁰ 15 U.S.C. 78s(b)(2).
³¹ 17 CFR 200.30-3(a)(12).
¹ 15 U.S.C. 78s(b)(1).
² 17 CFR 240.19b-4.

Under no circumstances shall payment of any kind be made by a member to any person who is not eligible for membership in the Association or eligible to be associated with a member because of any disqualification, as set forth in Article [III] III of the Association's By-Laws, such as revocation, expulsion, or suspension still in effect.

* * * * *

IM-2440. Mark-Up Policy ³

The question of fair mark-ups or spreads is one which has been raised from the earliest days of the Association. No definitive answer can be given and no interpretation can be all-inclusive for the obvious reason that what might be considered fair in one transaction could be unfair in another transaction because of different circumstances. In 1943, the Association's Board adopted what has become known as the "5% Policy" to be applied to transactions executed for customers. It was based upon studies demonstrating that the large majority of customer transactions were effected at a mark-up of 5% or less. The Policy has been reviewed by the Board of Governors on numerous occasions and each time the Board has reaffirmed the philosophy expressed in 1943. Pursuant thereto, and in accordance with Article VII, Section 1(a)[(2)](iii) of the By-Laws, the Board has adopted the following interpretation under Rule 2440.

* * * * *

Rule 3010. Supervision

* * * * *

(e) Qualifications Investigated
Each member shall have the responsibility and duty to ascertain by investigation the good character, business repute, qualifications, and experience of any person prior to making such a certification in the application of such person for registration with this Association. Where an applicant for registration has previously been registered with the Association, the member shall obtain from the Firm Access Query System (FAQS) or from the applicant a copy of the Uniform Termination Notice of Securities Industry Registration (Form U-5) filed with the Association by such person's most recent previous NASD member employer, together with any amendments thereto that may have been filed pursuant to Article [IV]V, Section

³In SR-NASD-97-61, which has been published for comment by the Commission, NASD Regulation proposed to renumber IM-2440 as IM-2440-1. See Securities Exchange Act Release No. 40511 (Sept. 30, 1998), 63 FR 54169 (Oct. 8, 1998).

3 of the Association's By-Laws. The member shall obtain the Form U-5 as required by this Rule no later than sixty (60) days following the filing of the application for registration or demonstrate to the Association that it has made reasonable efforts to comply with the requirement. A member receiving a Form U-5 pursuant to this Rule shall review the Form U-5 and any amendments thereto and shall take such action as may be deemed appropriate.

* * * * *

6120. Participation in ACT

(a) Mandatory Participation for Clearing Agency Members

(1) Pursuant to Article VII, Section 1(a)[(6) and (7)](vi) and (vii) of the By-Laws participation in ACT is mandatory for all brokers that are members of a clearing agency registered with the Commission pursuant to Section 17A of the Act, and for all brokers that have a clearing arrangement with such a broker.

* * * * *

10101. Matters Eligible for Submission

This Code of Arbitration Procedure is prescribed and adopted pursuant to Article VII, Section 1(a)[(4)](iv) of the By-Laws of the Association for the arbitration of any dispute, claim, or controversy arising out of or in connection with the business of any member of the Association, or arising out of the employment or termination of employment of associated person(s) with any member, with the exception of disputes involving the insurance business of any member which is also an insurance company.

* * * * *

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 Regulation 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. NASD Regulation 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

The purpose of the proposed rule change is to correct cross-references to the NASD By-Laws in Rules 0112, 0120, 1060, 1100, 3010, 6120, and 10101 and Interpretive Material 2110-4, 2210-4, 2420-1, 2420-2, and 2440. In late 1997, the Commission approved substantial amendments to the NASD's corporate documents that were designed to: (1) implement a corporate restructuring developed in 1997; (2) comply with the SEC's August 8, 1996 Order making certain findings and imposing remedial sanctions,⁴ and (3) implement certain recommendations found in the *Report of the NASD Select Committee on Structure and Governance to the NASD Board of Governors*.⁵ A number of articles and sections were added or removed from the NASD By-Laws, resulting in the need to renumber the By-Laws. A substantial number of corrections to By-Law cross-references in the NASD Rules were made in the rule filing that substantially amended the NASD's corporate documents. The purpose of the proposed rule change is to complete the corrections of the cross-references to the currently approved By-Laws so that all of the NASD Rules conform to the By-Laws.⁶

2. Statutory Basis

NASD Regulation believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁷ 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. The

⁴ Report and Appendix to Report Pursuant to Section 21(a) of the Securities Exchange Act of 1934 Regarding the NASD and the Nasdaq Stock Market (August 8, 1996) and Securities Exchange Act Release No. 37538 (August 8, 1996) (SEC Order Instituting Public Proceedings Pursuant to Section 19(h)(1) of the Securities Exchange Act of 1934, Making Findings and Imposing Remedial Sanctions, In the Matter of National Association of Securities Dealers, Inc.)

⁵ In November 1994, the NASD Board of Governors appointed the Select Committee on Structure and Governance to review the NASD's corporate governance structure and to recommend changes to enable the NASD to meet its regulatory and business obligations.

⁶ The Commission recently approved other changes to the NASD By-Laws. See Securities Exchange Act Release No. 40615 (Oct. 28, 1998), 63 FR 59614 (Nov. 4, 1998). None of these changes require corrections to the cross-references in the NASD Rules.

⁷ 15 U.S.C. 78o-3(b)(6).

proposed rule change simply corrects cross-references to the NASD By-Laws in the NASD Rules and would not result in a substantive change in any rule.

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

NASD Regulation 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.

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

Written comments were neither solicited nor received.

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

The proposed rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(i) of the Act,⁸ and Rule 19b-4(e)(1)⁹ thereunder, in that it is designated by the NASD as constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule. At any time within 60 days of the filing of such 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.¹⁰

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the foregoing 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 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 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 NASD. All submissions should refer to File No. SR-NASD-98-86 and should be submitted by December 28, 1998.

It is therefore ordered, pursuant to Section 19(b)(2)¹¹ of the Act, that the proposed rule change be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹²

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-32401 Filed 12-4-98; 8:45 am]

BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION

[Declaration of Economic Injury Disaster #9A54]

State of Idaho and Contiguous Counties in Montana and Washington

Boundary County and the contiguous counties of Bonner in the State of Idaho, Lincoln County in the State of Montana, and Pend Oreille County in the State of Washington constitute an economic injury disaster loan area as a result of a debris flow and landslide that occurred on October 17. Eligible small businesses and small agricultural cooperatives without credit available elsewhere may file applications for economic injury assistance as a result of this disaster until the close of business on August 27, 1999 at the address listed below or other locally announced locations: U.S. Small Business Administration, Disaster Area 4 Office, P.O. Box 13795, Sacramento, CA 95853-4795.

The interest rate for eligible small businesses and small agricultural cooperatives is 4 percent. The numbers assigned for economic injury for this disaster are 9A5400 for Idaho; 9A5500 for Montana; and 9A5600 for Washington.

(Catalog of Federal Domestic Assistance Program No. 59002)

Dated: November 27, 1998.

Aida Alvarez,

Administrator.

[FR Doc. 98-32433 Filed 12-4-98; 8:45 am]

BILLING CODE 8025-01-P

SMALL BUSINESS ADMINISTRATION

New England States Regional Fairness Board Strategy Meeting

The Small Business Administration Region I New England States Regional Fairness Board located in the geographical area of Boston Massachusetts, will hold a strategy meeting at 9:30 a.m. on Friday, December 11, 1998 at the SBA Regional Office 10 Causeway Street, (8th Floor), O'Neil Federal Building, Boston, MA 02222-1903, to collect Fairness Board members' comments on the 6/22/98 proceedings, as well as to obtain recommendations and other input for the annual Report to Congress.

For further information, write or call, Gary P. Peele (312) 353-0880.

Shirl Thomas,

Director, Office of External Affairs.

[FR Doc. 98-32432 Filed 12-4-98; 8:45 am]

BILLING CODE 8025-01-P

TENNESSEE VALLEY AUTHORITY

Sunshine Act Meeting

AGENCY HOLDING THE MEETING: Tennessee Valley Authority (Meeting No. 1510).

TIME AND DATE: 9. a.m. (CST), December 9, 1998.

PLACE: Shawnee Fossil Plant Auditorium, Paducah, Kentucky.

STATUS: Open.

Agenda

Approval of minutes of meetings held on September 23 and October 23, 1998.

New Business

C—Energy

C1. Contract with Asea Brown Boveri Power Transmission and Distribution Company, Inc., for supply of power transformers.

C2. Contracts with Gardner Service Corporation, Brentwood, Tennessee; Raines Brothers, Inc., Schaerer Contracting Company, Inc., and Vega Corporation of Tennessee, Chattanooga, Tennessee; and Turner Construction Company, Nashville, Tennessee, for construction and/or modification services at TVA facilities located in the metropolitan and surrounding areas of Chattanooga and Nashville, Tennessee.

C3. Contract with Ecolochem, Inc., for chemicals, equipment, and related services for bulk, package, lab, herbicide, pesticide, dust suppression, boiler cleaning, and water treatment for all TVA locations.

C4. Contract with Southeastern Construction and Equipment Company,

⁸ 15 U.S.C. 78s(b)(3)(A)(i).

⁹ 17 CFR 240.19b-4(e)(1).

¹⁰ In reviewing this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹¹ 15 U.S.C. 78s(b)(2).

¹² 17 CFR 200.30-3(a)(12).