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**William M. Hill, Jr.,**

*Secy Tracking Officer, Office of the Secretary.*

[FR Doc. 98-18856 Filed 7-10-98; 2:43 pm]

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## OFFICE OF MANAGEMENT AND BUDGET

### Updated Statistical Definitions of Metropolitan Areas

**AGENCY:** Executive Office of the President, Office of Management and Budget, Office of Information and Regulatory Affairs.

**ACTION:** Notice.

**SUMMARY:** Pursuant to 44 U.S.C. 3504(e)(3) and 31 U.S.C. 1104(d) and Executive Order No. 10253 (June 11, 1951), the Office of Management and Budget (OMB) defines metropolitan areas (MAs) for use in Federal statistical activities in accordance with a set of standards published in the **Federal Register** on March 30, 1990 (55 FR 12154-12160).

On June 23, 1998, OMB updated the MA definitions in OMB Bulletin No. 98-06. One new Metropolitan Statistical Area (MSA) was defined based on the standards and the 1996 Bureau of the Census official population estimates. The Missoula, Montana MSA (FIPS Code 5140) was defined effective June 30, 1998. The Missoula, Montana MSA comprises Missoula County, Montana. The MSA's central city is Missoula, Montana.

OMB Bulletin No. 98-06 with the list of all MAs as of June 30, 1998, is available from the National Technical Information Service (NTIS), Document Sales, 5285 Port Royal Road, Springfield, VA 2216, telephone 703-487-4650 (Accession Number PB98-146160). This list is also available through NTIS in electronic form (Accession Number PB98-502198). OMB Bulletin No. 98-06 and the current list of MAs are available electronically from the OMB home page at <http://www.whitehouse.gov/WH/EOP/omb>; go to OMB Documents/Selected OMB Bulletins.

For further information on MA standards and the statistical uses of MA definitions please call Suzann Evinger (202-395-7315). For information concerning the use of MA definitions in a particular Federal agency program, please contact the sponsoring agency directly.

**Donald R. Arbuckle,**  
*Acting Administrator, Office of Information and Regulatory Affairs.*

[FR Doc. 98-18641 Filed 7-13-98; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40178; File No. SR-NASD-98-45]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the National Association of Securities Dealers, Inc., Relating to Supervision of Correspondence

July 7, 1998.

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> notice is hereby given that on July 7, 1998, the NASD Regulation, Inc. ("NASDR") 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 the NASDR. The NASDR has designated this proposal as one constituting a stated policy, practice, or interpretation with respect to the meaning of an existing rule under Section 19(b)(3)(A)(i) of the Act,<sup>3</sup> which renders the rule effective upon the Commission's receipt of this filing. 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

The NASDR is proposing to further delay the effective date of one of the provisions of recently-approved amendments to the National Association of Securities Dealers, Inc. ("NASD" or "Association") Rules 3010, "Supervision," and 3110, "Books and Records."

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

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

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(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, the NASDR 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. The NASDR 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

A proposed rule change to amend NASD Rules 3010 and 3110 was filed with the Commission on April 11, 1997.<sup>4</sup> The purpose of the amendments was to allow firms to develop flexible procedures for the review of correspondence with the public. In that filing, the NASDR stated that it would make the proposed rule change effective within 45 days of Commission approval. Amendment No. 1, containing a draft Notice to Members to be issued following approval of the proposed rule change, was filed with the Commission on December 1, 1997.<sup>5</sup> The Notice to Members described the new rules and provided guidance to NASD members on the implementation of the new rules. The Commission approved the proposed rule change and Amendment No. 1 to the proposed rule change on December 31, 1997.<sup>6</sup> Notice to Members 98-11 announced approval of the proposed rule change and stated that the amendments to Rules 3010 and 3110 would be effective on February 15, 1998.

Subsequent to approval of the proposed rule change by the SEC, several commenters filed letters with the SEC raising issues regarding Amendment No. 1 to the proposed rule change and its accompanying Notice to Members.<sup>7</sup> The NASDR, believing that

<sup>4</sup> The proposed rule change (SR-NASD-97-24) was published for comment in the **Federal Register** on May 2, 1997. See Securities Exchange Act Release No. 38548 (April 25, 1997) 62 FR 24147.

<sup>5</sup> See Letter from Mary N. Revell, Associate General Counsel, NASDR, to Katherine A. England, Assistant Director, Division of Market Regulation, Commission, dated December 1, 1997 ("Amendment No. 1").

<sup>6</sup> See Securities Exchange Act Release No. 39510 (December 31, 1997) 63 FR 1131 (January 8, 1998) ("Release No. 39510").

<sup>7</sup> See Letters from Carl B. Wilkerson, American Council of Life Insurance, to Jonathan G. Katz,

the letters raise important issues that should be fully addressed before the effectiveness of the rule change, filed a proposed rule change to postpone the effective date of the amendments to Rules 3010 and 3110 approved in Release No. 39510.<sup>8</sup>

The concerns raised by the commenters include issues concerning the effect of the rules on the review of incoming correspondence and the scope of the obligation of member firms to control the use of electronic communications systems that registered persons use to communicate with their customers. After considering these issues, the NASDR filed a proposed rule change to implement the amendments to Rules 3010 and 3110 approved in Release No. 39510 immediately, including the requirements set forth in Notice to Members 98-11, with the exception of the provision in the Notice stating that members must review "all incoming correspondence received in non-electronic format directed to registered representatives and related to a member's investment banking or securities business."<sup>9</sup> The effective date of this provision was delayed until July 7, 1998 to allow NASDR a further opportunity to consider comments on this issue.

The NASDR proposes a further delay in the effective date of the provision in the Notice addressing the review of incoming, non-electronic

Secretary, SEC, dated January 9, 1998; Beverly A. Byre, BenefitsCorp Equities, Inc., to Jonathan G. Katz, Secretary, SEC, dated January 26, 1998; Michael S. Martin, The Equitable Life Assurance Society of the United States, to Jonathan G. Katz, SEC, dated January 29, 1998; Janet G. McCallen, International Association for Financial Planning, to Jonathan G. Katz, Secretary, SEC, dated February 13, 1998; W. Thomas Boulter, Jefferson Pilot Financial, to Jonathan G. Katz, Secretary, SEC, dated January 28, 1998; Leonard M. Bakal, Metropolitan Life Insurance Company and MetLife Securities, Inc., to Jonathan G. Katz, Secretary, SEC, dated January 28, 1998; Michael L. Kerley, MML Investors Services, Inc. to Secretary, SEC, dated January 26, 1998; Mark D. Johnson, The National Association of Life Underwriters, to Jonathan G. Katz, Secretary, SEC, dated February 5, 1998; Theodore Mathas, NYLIFE Securities, to Jonathan G. Katz, Secretary, SEC, dated January 16, 1998 and January 29, 1998; Beverly A. Byrne, One Orchard Equities, Inc., to Jonathan G. Katz, Secretary, SEC, dated January 26, 1998; Dodie Kent, Pruco Securities Corporation, to Jonathan G. Katz, Secretary, SEC, dated January 29, 1998; and James T. Bruce, Wiley, Rein & Fielding, on behalf of the Electronic Messaging Association, to Jonathan G. Katz, SEC, dated January 30, 1998.

<sup>8</sup> The proposed rule change (SR-NASD-98-10) became effective on filing. See Securities Exchange Act Release No. 39665 (February 13, 1998) 63 FR 9032 (February 23, 1998).

<sup>9</sup> See Securities Exchange Act Release No. 39866 (April 14, 1998) 63 FR 19778 (April 21, 1998) (Notice of filing and immediate effectiveness of File No. SR-NASD-98-31).

correspondence until September 30, 1998. At its meeting on June 25, 1998, the NASDR Board of Directors approved revisions to Rule 3010 and to the Notice to Members that are intended to address the regulatory concerns necessitating the review of incoming, non-electronic correspondence and at the same time to respond to concerns raised by member firms about the difficulty of conducting such review. The NASDR Board also approved submission of a rule filing to the SEC. The NASDR anticipates that the rule filing will be submitted to the SEC prior to July 30, 1998. When that proposed rule change is filed, the NASDR will request an indefinite extension of this provision until the SEC has acted on the rule filing. In the meantime, to ensure continuity of the requirements applicable to member firms, the NASDR proposes a delay in the effective date of the provision. Prior to the September 30, 1998 effective date, however, members will be required to review and report customer complaints as required by Rule 3070(a)(2); keep and preserve all written customer complaints as required by Rule 3110(d); and establish procedures for the review of incoming and outgoing written and electronic correspondence consistent with new Rules 3010(d) (1) and (2).

## 2. Statutory Basis

The NASDR believes the proposed rule change is consistent with Section 15A(b)(6) of the Act,<sup>10</sup> which requires, among other things, that the Association's rules must 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 NASD believes that delaying the effective date of one of the provisions of the new rules is consistent with these requirements.

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

The NASDR does not believe that the proposed rule change will impose a 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 on the Proposed Rule Change Received From Members, Participants or Others*

Written comments were neither solicited nor received.

<sup>10</sup> 15 U.S.C. 78o-3(b)(6).

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

The foregoing rule change constitutes a stated policy, practice, or interpretation with respect to the meaning, administration or enforcement of an existing rule of the Association and, therefore, has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>11</sup> and subparagraph (e) of Rule 19b-4 thereunder.<sup>12</sup>

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.

## 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. Copies of the submissions, 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. Copies of such filing also will be available for inspection and copying at the NASD. All submissions should refer to File No. SR-NASD-98-45 and should be submitted by August 4, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>13</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 19b-4(e).

<sup>13</sup> 17 CFR 200.30-3(a)(12).