60, Fort Wayne, Indiana 46801, an electric public utility subsidiary company of American Electric Power Company, Inc., a registered holding company, has filed an application-declaration under sections 6(a), 7, 9(a) and 10 and rule 54 under the Act.

I&M proposes to guarantee loan payments, including principal, interest and penalties, on a promissory note (''Note'') from one of its industrial customers, Iron Dynamics, Inc. (''IDI''), an Indiana corporation, which is constructing a main mill substation, power distribution facilities from main mill to coal preparation facilities, coal reparation facilities and submerged arc furnace transformers and vaults (''Equipment'') to be installed on IDI's property in DeKalb, Indiana, which is in I&M's service territory. The Note will evidence a loan by GE Capital Corporation (''GE Capital'') or a similar lender (''Lender'') to IDI in an amount up to $6.5 million to acquire the Equipment. I&M will supply electric service to IDI's facility.

The loan will be made under a loan agreement (''Loan Agreement'') which provides, among other things, that the interest rate on the Note may be variable or fixed. The variable interest rate will be equal to an index rate (''Index Rate'') plus 1.75%. On the date the initial loan is made, the index Rate will be the interest rate equal to the per annum interest rate for commercial paper issued by GE Capital for the period of time closest to 90-days on such date (''CPR''), and the Index Rate will be adjusted every 90 days and be equal to the CPR in effect on the tenth day preceding the end of each 90 day period during the term of the loan. If, for any reason, GE Capital does not issue the commercial paper on the applicable date, the CPR will be equal to the rate listed for ''3 Month'' commercial paper under the column indicating an average rate as stated in the Federal Reserve Statistical Release H. 15 (519) for the calendar month preceding the calendar month in which the 90-day period ends. If, for any reason, the Federal Reserve Statistical Release H.15 (519) is no longer published, the CPR will be equal to the latest commercial paper rate for high grade unsecured notes of 90-day maturity sold through dealers by major corporations in multiples of $1,000, as indicated in the ''Money Rates'' column of the Wall Street Journal, Eastern Edition, published on the tenth day prior to the end of each 90-day period or the first business day thereafter.

Under the terms of the Loan Agreement, IDI may elect to convert the interest rate on the Note to a fixed rate. The fixed rate will be equal to 1.75% over the average of one, three and five-year U.S. Treasuries as published in the Wall Street Journal on the date of IDI's election to convert to a fixed rate. IDI is responsible to the Lender for any costs incurred as a result of converting to a fixed rate.

The Notes will mature in not more than 96 months and be secured by a first lien on the Equipment. There will be no consideration paid by IDI for the guarantee.

In an alternative to I&M's loan guarantee, I&M requests authority to make a direct loan to IDI and to acquire the Note on substantially the same terms as the loan from GE Capital or Lender to IDI.

For the Commission, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98–17716 Filed 7–2–98; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–40137; File No. SR–NASD–98–43]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the National Association of Securities Dealers, Inc. to Extend the Deadline for Presently Registered Representatives to Apply for the Equity Trader, Series 55 Examination

June 26, 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 June 12, 1998, the National Association of Securities Dealers, Inc. (''NASD'' or ''Association'') through its wholly-owned subsidiary, 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,[3] 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 amend NASD Membership and Registration Rule 1032 to change the date by which registered representatives who currently trade equity securities in the Nasdaq Stock Market (Nasdaq) and/or over-the-counter must apply for Equity Trader registration. Below is the text of the proposed rule change. Proposed new language is in italics; proposed deletions are in brackets.

Rule 1032. Categories of Representative Registration

* * * * *

(f) Limited Representative—Equity Trader

* * * * *

Before registration as a Limited Representative—Equity Trader as defined in subparagraph (1) hereof may become effective, an applicant must:

* * * * *

(B) pass an appropriate Qualification Examination for Limited Representative-Equity Trader. Any person *who was performing any of the activities described in paragraph (f)(1) above on or prior to May 1, 1998 and* who has filed an application to take this examination by [(date thirty (30) days after the effective date of this rule)] *August 31, 1998* must pass the examination by [(24 months after effective date above)] *May 1, 2000.* Any person who is eligible for this extended qualification period and who fails this examination during [such] the twenty-four (24) month time period *commencing on May 1, 1998 and ending on May 1, 2000* must wait *thirty* (30) days from the date of failure to take the examination again. Any person, *other than a person who is eligible for the extended qualification period,* who files an application to take this qualification examination after [(date thirty (30) days after the effective date of this rule)] *May 1, 1998* must pass this examination before conducting such activities as described in paragraph (f)(1) above. In no event may a person who is eligible for the extended qualification period function as an Equity Trader beyond the 24-month period without having successfully passed the appropriate qualification examination.

---

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 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

On January 2, 1998, the Commission approved the NASD's proposal to amend NASD Rule 1032 to add an additional category of representative registration.[4] Specifically, Rule 1032(f) requires each registered representative who engages in proprietary or agency trades of equities, preferred securities or convertible debt securities otherwise than on a securities exchange, or who directly supervises such activities (*i.e.*, functioning as an ''Equity Trader''), to register as a Limited Representative-Equity Trader. In order to register as a Limited Representatives-Equity Trader, the representative must be registered as a General Securities Representative or as a Limited Representative-Corporate Securities, and must pass the Series 55 examination.[5] The rule contains an exemption for representatives whose principal trading activities involve executing orders on behalf of an affiliated investment company that is registered with SEC under the Investment Company Act of 1940.

The rule provides that presently registered representatives who file an application to take the Series 55 examination within 30 days of the effective date of the rule must pass the Series 55 examination within 2 years of the effective date of the rule. The effective date of the rule was April 1, 1998, which was announced in Notice to Members 98–17. Accordingly, a presently registered representative had *until* May 1, 1998 to file an application to take the Series 55 examination and *until* May 1, 2000 to receive a passing score on the exam. The rule also provides that any person, including a presently registered representative, who files an application to take the Series 55 examination *after* May 1, 1998 must pass the Series 55 examination *before* functioning as an Equity Trader.

It has come to the NASDR's attention that many presently registered representatives who would have been eligible for the two year grace period to pass the Series 55 examination failed to file applications by May 1, 1998. Thus, such registered representatives must immediately cease functioning as Equity Traders until they pass the Series 55 examination. As discussed above, the original proposal provided presently registered representatives 30 days from the effective date of the rule to file applications to take the Series 55 examination. The NASDR believed this would provide such representatives sufficient time to file the requisite applications. Unfortunately, this has not been the case. If the deadline is not extended, those registered representatives who failed to file applications by the deadline will be forced to cease certain activities, which could cause disruptions at NASD member firms and could cause harm to customers. The NASDR does not believe the markets or customers will be served by a strict application of this administrative deadline. Consequently, the NASDR is proposing to extend the deadline for filing an application from May 1, 1998 until August 31, 1998. This will allow a registered representative who had been eligible for the two year grace period but failed to file an application by May 1, 1998 to file an application by August 31, 1998 and continue to function as an Equity Trader until he/she receives a passing score on the Series 55 examination. However, such registered representative cannot continue functioning as an Equity Trader after May 1, 2000 unless he/she receives a passing score on the Series 55 examination before May 1, 2000. Any person not functioning as an Equity trader on or before May 1, 1998 must pass the Series 55 examination before functioning as such.

2. Statutory Basis

The NASDR believes the proposed rule change is consistent with Section 15A(b)(6) of the Act,[6] 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 NASDR believes the proposal is consistent with the Act because it continues to require presently registered representatives to receive a passing score on the Series 55 examination before May 1, 2000 and to cease conducting certain specified activities if a passing score is not received by that date. The proposed change only allows certain registered representatives additional time to file applications to take the Series 55 examination.

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.

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[7] and subparagraph (e) of Rule 19b–4 thereunder.[8]

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 submission 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

[4] *See* Securities Exchange Act Release No. 39516, 63 FR 1520 (January 9, 1998) (order approving File No. SR–NASD–97–21).

[5] Registered representatives who have been ''grandfathered'' from taking the Series 7 or the Series 62 examinations will not be required to take either examination in order to take the Series 55 examination.

[6] 15 U.S.C. 78o–3(b)(6).

[7] 15 U.S.C. 78s(b)(3)(A).

[8] 17 CFR 19b–4(e).

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–98–43 and should be submitted by July 27, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[9]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98–17710 Filed 7–2–98; 8:45 am]

BILLING CODE 8010–01–M

[9] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–40140; File No. SR–NASD–98–26]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Partial Approval to Amendment No. 4 to Proposed Rule Change by the National Association of Securities Dealers, Inc. to Institute, on a Pilot Basis, New Primary Nasdaq Market Maker Standards for Nasdaq National Market Securities

June 26, 1998.

I. Introduction

On March 19, 1998, the National Association of Securities Dealers, Inc. (''NASD'' or ''Association''), through its wholly-owned subsidiary, The Nasdaq Stock Market, Inc. (''Nasdaq''), submitted to the Securities and Exchange Commission (''SEC'' or ''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Exchange Act'')[1] and Rule 19b–4 thereunder,[2] a proposed rule change to: (a) implement, on a pilot basis, new Primary Nasdaq Market Maker (''PMM'') standards for all Nasdaq National Market (''NNM'') securities; (b) extend the NASD's Short Sale Rule pilot until November 1, 1998; and (c) extend the suspension of existing PMM standards until May 1, 1998. On March 30, 1998, the Commission issued notice of the filing and approved, on an accelerated basis, the portions of the filing extending the NASD's Short Sale Rule pilot and the suspension of existing PMM standards.[3]

On April 30, 1998, Nasdaq filed Amendment No. 3 to the proposal,[4] proposing to: (a) extend the comment period by 30 days to May 27, 1998; (b) continue to suspend the current PMM standards until July 1, 1998; (c) extend the NASD's Short Sale Rule pilot until January 4, 1999; (d) change the dates during which the PMM pilot would run to July 1, 1998, through January 4, 1999; and (e) amend subparagraph (g) of NASD Rule 4612 to change the method for determining how market makers that are not managers or co-managers in an underwriting syndicate of a secondary offering may qualify as PMMs. Also on April 30, 1998, the Commission issued notice of Amendment No. 3 and approved, on an accelerated basis, Nasdaq's request to continue to suspend the current PMM standards until July 1, 1998.[5] The Commission also extended the comment period for the proposed rule change.

On June 24, 1998, Nasdaq filed Amendment No. 4 to the proposal,[6] proposing to: (a) extend the comment period to July 27, 1998; (b) continue to suspend the current PMM standards until October 1, 1998; and (c) change the dates during which the PMM pilot would run to October 1, 1998, until April 1, 1999.

Background

Presently, NASD Rule 4612 provides that a member registered as a Nasdaq market maker pursuant to NASD Rule 4611 may be deemed a PMM if that member meets certain threshold standards. The implementation of the SEC Order Handling Rules[7] and what some perceive as a concurrent move toward a more order-driven, rather than a quote-driven, market raised questions about the continued relevance of those PMM standards. As a result, such standards were suspended beginning in early 1997.[8] Currently, all market makers are designated as PMMs.

Since February 1997, Nasdaq has worked to develop PMM standards that are more meaningful in what may be an increasingly order-driven environment and that better identify firms engaged in responsible market making activities deserving of the benefits associated with being a PMM, such as being exempt from NASD Rule 3350, the NASD's Short Sale Rule. The NASD now proposes to extend the current suspension of the existing PMM standards and to implement new standards on a pilot basis from October 1, 1998, until April 1, 1999. The NASD intends the new standards to better evaluate whether a market maker provides meaningful liquidity to the market. To determine whether a particular market maker is such a provider of liquidity, Nasdaq will analyze that market maker's trading activity using a new test.

For the reasons discussed below, the Commission has determined to grant accelerated approval of Nasdaq's request, in Amendment No. 4, to continue to suspend the current PMM standards until October 1, 1998. Further, given the proposal's complexity and the Commission's desire to give the public sufficient time to consider the proposal, the Commission has extended the comment period to the proposed rule change, as amended, to July 27, 1998.

II. Proposed Rule Change

As discussed in detail in Securities Exchange Act Release No. 39819, Nasdaq is proposing a new set of PMM standards. In the current filing, Nasdaq would amend the timing of the proposed pilot through which the NASD, the SEC, and the public may evaluate those new standards.

* * * * *

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] Securities Exchange Act Release No. 39819 (March 30, 1998) 63 FR 16841 (April 6, 1998).

[4] *See* letter from Robert E. Aber, Senior Vice President and General Counsel, Nasdaq, to Richard Strasser, Assistant Director, Division, of Market Regulation (''Division''), SEC, dated April 29, 1998. Securities Exchange Act Release No. 39819 discussed Amendment No. 1 and Amendment No. 2 to the filing, which were filed with the Commission on March 25, and 26, 1998, respectively.

[5] *See* Securities Exchange Act Release No. 39936 (April 30, 1998) 63 FR 25253 (May 7, 1998).

[6] *See* letter from Robert E. Aber, Senior Vice President and General Counsel, Nasdaq, to Richard Strasser, Assistant Director, Division, SEC, dated June 24, 1998.

[7] On August 29, 1996, the Commission promulgated a new rule, the Limit Order Display Rule (Exchange Act Rule 11Ac1–4) and adopted amendments to the Quote Rule (Exchange Act Rule 11Ac1–1), which together are designed to enhance the quality of published quotations for securities and promote competition and pricing efficiency in U.S. securities markets (collectively, the ''Order Handling Rules''). *See* Securities Exchange Act Release No. 37619A (September 6, 1996) 61 FR 48290 (September 12, 1996).

[8] *See* Securities Exchange Act Release No. 38294 (February 14, 1997) 62 FR 8289 (February 24, 1997) (approving temporary suspension of PMM standards); Securities Exchange Act Release No. 39198 (October 3, 1997) 62 FR 53365 (October 14, 1997) (extending suspension through April 1, 1998); Securities Exchange Act Release No. 39819 (March 30, 1998) 63 FR 16841 (April 6, 1998) (extending suspension through May 1, 1998); Securities Exchange Act Release No. 39936 (April 30, 1998) 63 FR 25253 (May 7, 1998) (extending suspension through July 1, 1998).