

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 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 Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of EMCC.

All submissions should refer to File No. SR-EMCC-98-08 and should be submitted by October 13, 1998.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40365A; File No. SR-NASD-98-29]

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Order Approving Proposed Rule Change and Amendment No. 1 Thereto and Notice of Filing and Order Granting Accelerated Approval to Amendment No. 2 to Proposed Rule Change Relating to Standards for Individual Correspondence

September 15, 1998.

Correction

In FR Document No. 98-23769, beginning on page 47062 for Thursday, September 3, 1998, make the following correction. On page 47063, second column, the first full paragraph, revise the first sentence to read:

The NASDR proposes to define the word "correspondence" in new subparagraph (a)(3) to NASD Rule 2210 as "* * * [a]ny written or electronic communication prepared for delivery to a single current or prospective customer, and not for dissemination to multiple customers or the general public."

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40437; File No. SR-NASD-98-60]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Nasdaq's Automated Confirmation Transaction Service

September 14, 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 August 12, 1998, the National Association of Securities Dealers, Inc. ("NASD" or "Association"), 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 and II below, which Items have been prepared by Nasdaq. The Commission is publishing this notice and order to solicit comments on the proposed rule change from interested persons and to grant accelerated approval to the proposed rule change.

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

The proposed rule change is designed to integrate Nasdaq's Automated Confirmation Transaction Service ("ACT") trade reporting system with the recently approved Order Audit Trail System ("OATS"). The text of the proposed rule change is available at the Office of the Secretary, Nasdaq, and at the Commission.

¹ 17 CFR 200.30-3(a)(12).

¹⁵ U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 III 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 its ACT trade-reporting rules to integrate them with the OATS rules, which were recently approved by the Commission.³ OATS is designed to provide the NASD's regulatory subsidiary, NASD Regulation, Inc. ("NASDR"), with the ability to reconstruct markets promptly, conduct efficient surveillance, and enforce NASD and SEC rules. The Commission has directed that OATS must provide an accurate, time-sequenced record of orders and transactions from the receipt of an order through its execution.⁴ To accomplish this goal, NASDR will combine information submitted to OATS with transaction data reported by members through ACT, as well as quotation information disseminated by Nasdaq. These proposed rules provide for the submission of data to ACT sufficient to allow for effective analysis and comparison of trading activity.

Under the proposal, all trade reports for OATS-eligible securities entered into Nasdaq's ACT system will be required to have a time of execution expressed in hours, minutes, and seconds. Such trade reports also will be required to have an order identifier, to be prescribed by the Association, sufficient to allow a comparison of the information contained in the trade report with data submitted to NASDR via OATS. In addition, Nasdaq is proposing to codify the requirement that all ACT participants, including those who have trade report information submitted to

³ See Securities Exchange Act Release No. 39729 (March 6, 1998) 63 FR 12559 (March 13, 1998) (order approving OATS rules); NASD Notice to Members 98-33 (March 1998).

⁴ See In the Matter of National Association of Securities Dealers, Inc., Securities Exchange Act Release No. 37538, August 8, 1996; Administrative Proceeding File No. 3-905, at 7-8.

⁸ 17 CFR 200.30-3(a)(12).