as 1⁄32 of one dollar. Securities priced over $10 may be traded in increments as fine as 1⁄16 of one dollar.[13] As a result, the Commission recognizes that third market makers may trade exchange listed securities priced at less than $10 in increments finer than sixteenths. Nasdaq has informed the Commission that third market makers are currently posting quotes for listed securities in increments finer than sixteenths.[14] The proposed amendment to CHX Article XX, Rule 22, will allow CHX traders to match price disseminated by third market makers that may better the CHX quote by an increment finer than the 1⁄16 minimum increment. In addition, the Commission notes that the proposal will enable the Exchange to match prices disseminated by other exchanges in the event that another exchange were to reduce its minimum trading increment.[15] The proposal should assist Exchange members to fulfill their obligation to obtain the best price for their customers. Accordingly, the Commission finds that it is reasonable for the CHX to allow trading in increments finer than 1⁄16 for the limited purpose of preventing an ITS trade-through.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[16] that the proposed rule change (SR–CHX–98–25), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[17]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98–33360 Filed 12–16–98; 8:45 am]

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[13] The Commission notes that any change to the minimum increment for securities traded through the facilities of the Nasdaq system would be considered a change in an existing order-entry or trading system of an SRO. Accordingly, the Nasdaq would be required to file a proposed rule change under Section 19(b)(3)(A) of the Act to change its minimum increment.

[14] *See* Exchange Act Release No. 40189 (July 10, 1998), 63 FR 38439 (July 16, 1998).

[15] To change its minimum increment, an exchange would be required to file a proposed rule change that would become immediately effective under Section 19(b)(3)(A).

[16] 15 U.S.C. 78s(b)(2).

[17] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–40771; File No. SR–NASD–98–79]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Issuer Responsibilities When Using the Internet; Updating MarketWatch Contact Information and Other Matters

December 10, 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 October 21, 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 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 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 IM–4120–1 with respect to the use of the Internet for dissemination of issuer disclosures. below is the text of the proposed rule change. Proposed new language is in *italics;* proposed deletions are in [brackets].

4120. Trading Halts

(a) No Change

(b) Procedure for Initiating a Trading Halt

(1) Nasdaq issuers are required to notify Nasdaq of the release of any material news prior to the release of such information to *appropriate news services*[the press] as required by Rule 4310(c)(16) and 4320[(d)(15)]*(e)(14).*

(b)(2) through (5) No Change

Footnote to 4120(b)(2):

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

[2] 17 CFR 240.19b–4.

[3] Amendment No. 1 was received by the Commission on December 3, 1998, the substance of which is incorporated into this notice. Letter from Andrew S. Margolin, Assistant General Counsel, Nasdaq, to Katherine A. England, Division of Market Regulation (''Division''), Commission, dated December 2, 1998 (''Amendment No. 1''). Amendment No. 2 was received by the Commission on December 10, 1998, the substance of which is incorporated into this notice. Letter from Andrew S. Margolin, Assistant General Counsel, Nasdaq, to Katherine A. England, Division, Commission, dated December 9, 1998 (''Amendment No. 2'').

[The current telephone number is 1–800–537–3929, (301) 590–6411, or from 6 p.m. to 8 a.m. Eastern Time, (301) 590–6413. The Stock Watch fax number is (301) 590–6482.] *Notification may be provided to the MarketWatch Department by telephone 1–800–537–3929 and (301) 590–6411. Between 6 p.m. and 8 a.m. Eastern Time, voice mail messages may be left on either number. The fax number is (301) 590–6482.*

* * * * *

IM–4120–1. Disclosure of Material Information

Rules 4310(c)(16) and 4320[(d)(15)](e)(14) require that, except in unusual circumstances, Nasdaq issuers disclose promptly to the public through *appropriate*[the] news [media]*services* any material information which would reasonably be expected to affect the value of their securities or influence investors' decisions and that Nasdaq issuers notify Nasdaq of the release of any such information prior to its release to the public through the news [media]*services.* Nasdaq recommends that Nasdaq issuers provide such notification at least ten minutes before such release.* Under unusual circumstances issuers may not be required to make public disclosure of material events; for example, where it is possible to maintain confidentiality of those events and immediate public disclosure would prejudice the ability of the company to pursue its legitimate corporate objectives. However, Nasdaq issuers remain obligated to disclose this information to Nasdaq upon request pursuant to Rules 4310(c)15) or 4320[(d)(14)]*(e)(13).*

Whenever unusual market activity takes place in a Nasdaq issuer's securities, the issuer normally should determine whether there is material information or news which should be disclosed. If rumors or unusual market activity indicate that information on impending developments has become known to the investing public, or if information from a source other than the issuer becomes known to the investing public, a clear announcement may be required as to the state of negotiations or development of issuer plans. Such an announcement may be required, even though the issuer may not have previously been advised of such information or the matter has not yet been presented to the issuer's Board of Directors for consideration. It may also be appropriate, in certain circumstances, to publicly deny false or inaccurate rumors which are likely to have, or have had, as effect on the trading in its securities or would likely have an influence on investment decisions.

* * * * *

Use of the Internet In the Disclosure of Material Information

While Nasdaq requires that its listed issuers disseminate material press releases to one of the traditional news services, such as a major news wire, Nasdaq recognizes the increased utilization of the Internet as a vehicle for additional news dissemination. The Internet is a valuable disclosure resource that can enhance the orderly dissemination of material information for all shareholders and market participants.

Issuers can and should provide shareholders direct access to corporate disclosures via their Internet home pages and web sites.

To ensure a level playing field for all investors in Nasdaq companies, however, this policy on disclosure of corporate information requires that the use of the Internet to disseminate material press releases is appropriate provided the information is not made available over the Internet before the same information is transmitted to, and received by, traditional news services and such news services are free from any restrictions as to its release at that time (i.e., the information is for ''immediate release'' or is no longer subject to embargo). Issuers must still notify Nasdaq at least ten minutes prior to the release of any information that would reasonably be expected to affect the value of securities or influence investors' decisions, as indicated in this policy.

Footnote to IM–4120–1:

• [Notification may be provided to the MarketWatch Department by telephone 1–800–537–3929, (301) 590–6411, or from 6 p.m. to 8 a.m. Eastern Time, (301) 590–6413. Information communicated orally should be confirmed promptly in writing. The StockWatch fax number is (301) 590–6482.]

Notification may be provided to the MarketWatch Department by telephone 1–800–537–3929 and (301) 590–6411. Between 6 p.m. and 8 a.m. Eastern Time, voice mail messages may be left on either number. Information communicated orally should be confirmed promptly in writing. The fax number is (301) 590–6482.

The MarketWatch Department will provide a list of suggested news services or confirm use of a particular service, by telephone at 1–800–537–3929 or (301) 590–6411. Between 6 p.m. and 8 a.m. Eastern Time, voice mail messages may be left on either number.

* * * * *

4310. Qualifications Requirements for Domestic and Canadian Securities

Footnote to 4310(c)(16):

This notice shall be made to Nasdaq's MarketWatch Department at 9513 Key West Avenue, Rockville, Maryland 20850–3389. The telephone number*s* [is] *are* 1–800–537–3929[,] *and* (301) 590–6511.[, or from] *Between* 6 p.m. [to] *and* 8 a.m. Eastern Time, [(301) 590–6413] voice mail messages may be left on either number. The fax number is (301) 590–6482.

4320. Qualification Requirements for Non-Canadian Foreign Securities and American Depositary Receipts

Footnote to 4320(e)(14):

This notice shall be made to Nasdaq's MarketWatch Department at 9513 Key West Avenue, Rockville, Maryland 20850–3389. The telephone number*s* [is] *are* 1–800–537–3929[,] *and* (301) 590–6511.[, or from] *Between* 6 p.m. [to] *and* 8 a.m. Eastern Time, [(301) 590–6413] voice mail messages may be left on either number. The fax number is (301) 590–6482.

* * * * *

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

Increased use of the Internet to provide access to corporate information for shareholders has resulted in questions regarding the timing of news releases over the Internet and the use of issuers' Internet sites as replacements for traditional dissemination of news to the media. While Nasdaq believes that it is generally in the public interest to encourage widespread dissemination of information to investors through the Internet, Nasdaq also believes that it is important to maintain a level playing field for all investors, including those who do not have Internet access or who may not generally rely on the Internet as their primary source of material corporate news. Consequently, Nasdaq is not proposing to alter its traditional requirement that news be disseminated through traditional news services. These include Dow Jones News Service, Reuters, Bloomberg Business News, Business Wire, PR Newswire, The Wall Street Journal, and The New York Times.[4]

Accordingly, Nasdaq is proposing to amend NASD Interpretation IM–4120–1 to state that Nasdaq fully supports companies' use of Internet home pages to disseminate information to shareholders, but that the Internet must not be a substitution for the dissemination of news through traditional news services. In the interests of maintaining a level playing field for all investors and to avoid situations of potential selective disclosure, the Nasdaq policy will be amended to indicate that dissemination of news over the Internet is appropriate provided it is not made available over the Internet before the same information is transmitted to, and received by, the traditional news services. Furthermore, the amended policy will reiterate that issuers must still notify Nasdaq at least ten minutes prior to any release of material information, consistent with the existing policy.

In addition, Nasdaq is making technical corrections to several cross references contained in NASD Rule, 4120 and IM–4120–1, as well as eliminating several footnote references to an outdated phone number used to contact Market Watch, which are contained in NASD Rules 4120, 4310, and 4320.

2. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act[5] in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principals of trade, and in general, to protect investors and the public interest. The amended policy on corporate disclosure facilitates widespread public availability of issuers information while ensuring a level playing field regarding its dissemination.

[4] For a complete list of appropriate news services, contact the MarketWatch Department by telephone 1–800–537–3929 or (301) 590–6411. Between 6 p.m. and 8 p.m. Eastern Time, voice mail messages may be left on either number.

[5] 15 U.S.C. 78*o*–3(b)(6).

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

Nasdaq does not believe that the proposed rule change will impose any inappropriate burden on competition.

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

Within 35 days of the 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 self-regulatory organization consents, the Commission will:

(A) by order approve the 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 proposal is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 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 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–98–79 and should be submitted by January 7, 1999.

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

[6] 17 CFR 200.30–3(a)(12).

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98–33363 Filed 12–16–98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–40779; File No. SR–OCC–98–13]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Clarifying Adjustment and Settlement Procedures for Currency Related Options Relating to the Euro

December 10, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on October 28, 1998, The Options Clearing Corporation (''OCC'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II below, which items have been prepared primarily by OCC. The Commission is publishing this notice and order to solicit comments on the proposed rule change from interested persons and to grant accelerated approval.

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

The purpose of the proposed rule change is to clarify OCC's adjustment and settlement procedures for currency related options in anticipation of the European Union conversion to the euro, which is scheduled to be effective January 1, 1999.

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

In its filing with the Commission, OCC 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. OCC has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.[2]

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

[2] The Commission has modified parts of these statements.

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

On January 1, 1999, the European Union is scheduled to introduce the euro which will replace the national currencies of the eleven countries which currently qualify for inclusion in European Monetary Union. On January 1, 1999, these eleven countries will begin to use the euro along with their existing currencies (''legacy currencies''). At that point, the legacy currencies will become units of the euro and will continue to constitute legal tender in their respective countries of origin until 2002. In 2002, the legacy currencies will cease to be units of the euro, and the euro will be the sole medium of exchange of the participating member states.

The legacy currencies include four that are trading currencies or underlying currencies in the Philadelphia Stock Exchange's (''PHLX'') currency options market. They are the French franc, German mark, Italian lira, and Spanish peseta. On January 1, 1999, the European currency unit (''ECU'') will be converted on a one-to-one basis into the euro, and the current PHLX ECU option contract will be adjusted to call for delivery of euros.

PHLX has advised OCC that effective January 1, 1999, it will also begin to trade currency options with the euro as the underlying or trading currency. PHLX also has indicated that it will permit additional contracts with legacy currencies as the underlying or trading currency to be listed for a limited period after January 1, 1999. Current open interest in legacy currency contracts will extend to July 1999.

OCC will continue to identify all existing legacy contracts in reports and in settlement instructions. OCC will continue to effect its settlements in legacy currency but will allow members to elect to delivery either legacy currency or the euro equivalent to meet settlement obligations. Each legacy currency will have a fixed conversion to the euro. Because OCC will continue to deliver legacy currency, members that wish to receive euros will be required to notify their agent banks to convert legacy currency into euros. Banks will be required to convert legacy currency into euros, and vice versa, at no cost to members.

OCC's by-laws currently provide for adjustments of the terms of outstanding options if the country of origin of the trading currency or the underlying currency (i) issues a new currency intended to replace its existing currency