environmental impacts associated with the proposed action.

Alternatives to the Proposed Action

As an alternative to the proposed action, the staff considered denial of the proposed action (i.e., the ''no-action'' alternative). Denial of the application would result in no change in current environmental impacts. The environmental impacts of the proposed action and the alternative action are similar.

Alternative Use of Resources

This action does not involve the use of any resources not previously considered in the Final Environmental Statement related to Operation of Maine Yankee Atomic Power Station (July 1972).

Agencies and Persons Consulted

In accordance with its stated policy, on March 29, 1999, the NRC staff consulted with the Maine State Official, Mr. Patrick Dostie, Department of Human Services, regarding the environmental impact of the proposed action. The State official had no comments.

Finding of No Significant Impact

On the basis of the environmental assessment, the Commission concludes that the proposed action will not have a significant effect on the quality of the human environment. Accordingly, the Commission has determined not to prepare an environmental impact statement for the proposed exemption.

For further details with respect to this action, see the licensee's letter dated July 14, 1998, which is available for public inspection at the Commission Public Document Room, Gelman Building, 2120 L Street, NW., Washington, DC 20555, and at the local public document room located at the Wiscasset Public Library, High Street, Post Office Box 367, Wiscasset, Maine, 04578.

Dated at Rockville, Maryland, this 23rd day of April 1999.

For the Nuclear Regulatory Commission.

Michael T. Masnik,

Chief, Decommissioning Section, Project Directorate IV & Decommissioning, Division of Licensing Project Management, Office of Nuclear Reactor Regulation.

[FR Doc. 99–10836 Filed 4–29–99; 8:45 am]

BILLING CODE 7590–01–P

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94–409, that the Securities and Exchange Commission will hold the following meeting during the week of May 3, 1999.

A closed meeting will be held on Monday, May 3, 1999, at 12:00 noon.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(4), (8), (9)(A) and (10) and 17 CFR 200.402(a)(4), (8), (9)(i) and (10), permit consideration of the scheduled matters at the closed meeting.

Commissioner Carey, as duty officer, voted to consider the items listed for the closed meeting in a closed session.

The subject matter of the closed meeting scheduled for Monday, May 3, 1999, at 12:00 noon, will be:

Institution of injunctive actions.

Institution and settlement of injunctive actions.

Institution and settlement of administrative proceedings of an enforcement nature.

Institution of administrative proceedings of an enforcement nature.

Settlement of administrative proceedings of an enforcement nature.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact the Office of the Secretary at (202) 942–7070.

Dated: April 27, 1999.

Jonathan G. Katz,

Secretary.

[FR Doc. 99–10980 Filed 4–28–99; 11:20 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–41326; File No. SR–NASD–98–96]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by NASD, Inc. Relating to Amendments to Forms U–4 and U–5

April 22, 1999.

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 December 18, 1998, the National Association of Securities Dealers, Inc. (''NASD'' or ''Association''), through its wholly owned subsidiary NASD Regulation, Inc. (''NASD Regulation'' or ''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 NASD Regulation. On March 30, 1999, NASD Regulation submitted Amendment No. 1 to the proposed rule change.[3] NASD Regulation submitted Amendment No. 2 to the proposed rule change on April 7, 1999.[4] On April 15, 1999, NASD Regulation submitted Amendment No. 3 to the proposed rule change.[5] The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

NASDR is proposing to amend the Form U–4, the Uniform Application for Securities Industry Registration or Transfer, and the Form U–5, the Uniform Termination Notice for Securities Industry Termination

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

[2] 17 CFR 240.19b–4.

[3] *See* letter from John M. Ramsay, Vice President and Deputy General Counsel, NASD Regulation, to Katherine A. England, Assistant Director, Division of Market Regulation, Commission, dated March 30, 1999. In Amendment No. 1, NASD Regulation amended the rule filing by adding information about changes to four disclosure questions on Forms U–4 and U–5 (''Amendment No. 1'').

[4] *See* letter from John M. Ramsay, Vice President and Deputy General Counsel, NASD Regulation, to Katherine A. England, Assistant Director, Division of Market Regulation, Commission, dated April 7, 1999. In Amendment No. 2, NASD Regulation added information about the implementation and effective dates of the WEB CRD system and made minor changes to clarify some of the text (''Amendment No. 2'').

[5] *See* letter from John M. Ramsay, Vice President and Deputy General Counsel, NASD Regulation, to Katherine A. England, Assistant Director, Division of Market Regulation, Commission, dated April 15, 1999. In Amendment No. 3, NASD Regulation made a minor textual change (''Amendment No. 3'').

(collectively ''Proposed Forms'').[6] Proposed changes to disclosure questions on the Proposed Forms are set forth below.[7] Additions are italicized; deletions are bracketed.

1996 Form U–4 Question 22I(2)

Have you ever been the subject of an investment-related, consumer-initiated [written] complaint, not otherwise reported under question 22I(1) above, which alleged that you were involved in one or more sales practice violations, and which complaint was settled for an amount of $10,000 or more?

1996 Form U–5 Question 14

While employed by or associated with your firm, *or in connection with events that occurred while the individual was employed by or associated with your firm,* was the individual:

A. convicted of or did the individual plead guilty or nolo contendere (''no contest'') in a domestic, or foreign or military court to any felony?

B. charged with any felony?

C. convicted of or did the individual plead guilty or nolo contendere (''no contest'') in a domestic, foreign or military court to a misdemeanor involving: investments or an investment-related business, or any fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?

D. charged with a misdemeanor specified in 14(C)?

1996 Form U–5 Question 15

While employed by or associated with your firm, *or in connection with events that occurred while the individual was employed by or associated with your firm,* was the individual involved in any disciplinary action by a domestic or foreign governmental body or self-regulatory organization (other than those designated as a ''minor rule violation'' under a plan approved by the U.S. Securities and Exchange Commission) with jurisdiction over the investment-related businesses?

1996 Form U–5 Question 17

A: In connection with events that occurred while the individual was employed *by* or associated with your firm, was the individual:

(1) named as a respondent/defendant in an investment-related, consumer-initiated arbitration or civil litigation which alleged that the individual was involved in one or more sales practice violations and which:

(a) is still pending, or;

(b) resulted in an arbitration award or civil judgment against the individual, regardless of amount, or,

(c) was settled for an amount of $10,000 or more*?*[, or;]

(2) the subject of an investment-related, consumer-initiated [written] complaint, not otherwise reported under question 17(A)(1) above, which alleged that the individual was involved in one or more sales practice violations, and which complaint was settled for an amount of $10,000 or more?

B. In connection with events that occurred while the individual was employed by or associated with your firm, [but for a period not to exceed the most recent twenty-four (24) months of employment,] was the individual the subject of an investment-related, consumer-initiated written complaint, not otherwise reported under question 17(A) above, which:

[(1) alleged that the individual was involved in one or more sales practice violations and contained a claim for compensatory damages of $5,000 or more (if no damage amount is alleged, the complaint must be reported unless the firm has made a good faith determination that the damages from the alleged conduct would be less than $5,000), or];

(1) would be reportable under question 22I(3)(a) on Form U–4, if the individual were still employed by your firm, but which has not previously been reported on the individual's Form U–4 by your firm; or

[(2) alleged that the individual was involved in forgery, theft, misappropriation or conversion of funds or securities?]

(2) would be reportable under question 22I(3)(b) on Form U–4, if the individual were still employed by your firm, but which has not previously been reported on the individual's Form U–4 by your firm.

* * * * *

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

In its filing with the Commission, 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. NASDR has prepared summaries, set forth in Sections A, B, 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 July 5, 1996, the Commission approved amendments to Forms U–4 and U–5 (''1996 Forms'').[8] These amendments were developed by a task force of representatives from the NASD the Commission, the North American Securities Administrators Association (''NASAA''), the securities industry, and other self-regulatory organizations (''SROs''). The 1996 Forms were to become effective with the implementation of a redesigned CRD system that used a network-based architecture and proprietary software developed by the NASD; members would submit the 1996 Forms electronically.[9] The 1996 Forms included both technical and formatting changes to accommodate the CRD redesign and substantive changes to the instructions and disclosure questions.

In 1997, NASDR determined to proceed with a Web-based approach to the CRD system rather than using a network-based architecture and proprietary software. This ''Web CRD'' system, which will permit members to submit the Proposed Forms electronically via NASD Regulation's World Wide Web site, is currently in development. In 1997, NASDR and NASAA also determined that it was possible to implement the changes to the disclosure questions and some of the new instructions while Web CRD was being developed. Therefore, NASDR submitted Interim Forms U–4 and U–5 to the Commission in October 1997.[10] The Interim Forms included all of the substantive changes to the disclosure questions and some of the changes to the instructions that were approved in 1996 and reformatted them in a manner that is compatible with the current CRD system. In January 1998, the Commission approved the Interim

[6] Copies of the Proposed Forms are attached as Exhibit 4 to Amendment No. 1 and are available in the Commission's Public Reference Room and from NASDR by calling 301–590–6142.

[7] The proposed disclosure questions reflect changes to the questions on the Forms U–4 and U–5 that were approved by the Commission on July 5, 1996. In addition, conforming changes were made to the Disclosure Reporting Pages (''DRPs'') for these questions.

[8] Securities Exchange Act Release No. 37407 (July 5, 1996), 61 FR 36595 (July 11, 1996) (File No. SR–NASD–96–19).

[9] *Id.*

[10] Securities Exchange Act Release No 39322 (Nov. 13, 1997), 62 FR 62391 (Nov. 21, 1997)(File No SR–NASD–97–78).

Forms for use until Web CRD is completed.[11]

Due to the differences between the network-based and Web-based approaches to the CRD system, NASDR proposes additional formatting and technical changes to the 1996 Forms. These changes are needed to fully implement the Web CRD system. NASDR believes that the Proposed Forms will be simpler for member firms to complete than the 1996 Forms. NASAA approved all of the proposed changes described below at its October 4, 1998, membership meeting.[12]

NASDR has reformatted several sections of the 1996 Forms to simplify data entry and minimize errors in completing the Forms. First, the DRPs for the Proposed Forms have been simplified. The 1996 DRPs elicited more detailed information about reportable events than previously elicited on DRPs. Regulators had indicated that they needed this additional detail to make informed licensing and registration decisions and that the revised DRPs would reduce regulatory requests for additional information, which invariably prolonged the registration review and licensing process. However, the 1996 DRPs required that the additional detail be entered into numerous discrete fields.

While this approach was intended to provide all CRD users with the additional benefits of maximum flexibility in making queries to and deriving customized reports from the system, it resulted in unanticipated practical drawbacks. The most significant drawback was that the more complex data structure required to support the 1996 DRPs would cause the system to operate too slowly to meet users' needs. Theoretically, the 1996 DRP data structure provided the ability to sort on and create reports using all of the discrete data fields; as a practical matter, however, the time required to process those queries and produce those reports was unacceptable. The demands placed on the system by the generation of routine reports, ad hoc reports containing numerous discrete data fields, and routine user queries would not allow for acceptable response times for users. Therefore, following discussions with NASAA, industry representative, and other regulators, NASDR reformatted the DRPs by reducing the number of discrete fields and adding text blocks to simplify the data structure and the data relationships.

NASDR believes that all of the information necessary for regulators to make informed registration and licensing decisions will be available through this revised format. In this regard, the reformatted DRPs request all of the information requested on the 1996 DRPs. In addition, this revised format will significantly enhance regulators' ability to use the Web CRD for regulatory purposes and allow for more efficient processing of registration-related filings.

Second, the ''other business activities'' DRP on the 1996 Form U–4 is replaced with a separate attachment sheet, which also can be used to provide additional information about residential history or employment and personal history. The other business activity section of Question 20B on the 1996 Form U–4 is renumbered as Question 21. (All subsequent questions are likewise renumbered.) The instructions to Question 21 on the Proposed Form U–4 list the types of information that must be provided on the attachment sheet, and includes all of the information that would have been reported through the DRP.

Third, Sections 11 and 12 on the 1996 Form U–4 and Section 11 on the 1996 Form U–5 have been reformatted to ensure more accurate selection of registration categories. The Proposed Forms use matrices that link SROs and their related registration categories, which will reduce erroneous requests for registrations that are not available for a particular SRO. In addition, the instructions on the Proposed Forms clarify that CRD does not process Investment Adviser Representative and Agent of the Issuer registrations, although the paper Proposed Forms contain boxes for such registration. When an individual views the electronic version of the Proposed Forms on the Web CRD system, the boxes for these registrations will be shaded and the individual will not be allowed to select these options. The boxes for these registrations are included on the paper Proposed Forms solely for the convenience of states that wish to use the paper Proposed Forms for these registrations.

The General Instructions regarding the submission of documents on the 1996 Forms provide that documents are not required to be submitted, but that the applicant may submit them because documents may be requested as part of the review process. The Proposed Forms amend this instruction slightly to conform to the current practice of the states and SROs by stating that, although documents are not generally required to be filed with the Forms, it may be necessary to provide them to clarify or support responses on the Forms.

Finally, the Proposed Forms retain the definitions of ''investigation'' and ''sales practice violations'' that were adopted with the Interim Forms, with slight changes to punctuation. These definitions are more precise than the corresponding definitions used in the 1996 Forms and generally have worked well in practice. In addition, other technical and conforming amendments are listed in the rule filing.[13]

The rule filing also contains the DRP ''pick lists'' that will appear for users making electronic filings of the Proposed Forms.[14] The pick lists will appear for certain discrete fields on the DRPs so that there will be more consistency in the data entered in those fields. For example, on the Customer Complaint DRP, when the firm clicks on the field for ''Litigation Disposition'' the following choices will appear on the screen: Decision for Applicant, Decision for Customer, Denied, Dismissed, Judgment (other than monetary), Monetary Judgment to Applicant, Monetary Judgment to Customer, No Action, Other, Settled, Withdrawn. The individual submitting the electronic form will click on one of these choices to fill in the field, rather than having to manually type in a description of the disposition. Pick lists will also appear for other fields on the electronic Proposed Forms. In all pick lists (except states of residence and types of judgments/liens), a firm may select ''Other'' if none of the choices presented in the pick list is applicable. The pick lists were developed by NASDR, NASAA, the Commission, and others. NASDR expects that refinements to the pick lists will occur in the future, but will not file every change with the Commission because of the inclusion of the ''Other'' option.

Four disclosure questions on the Proposed Forms also are amended. These substantive amendments involve: (1) an expansion of the Form U–4 question eliciting information on settled customer complaints to include those oral complaints involving sales practice allegations that are settled for $10,000 or more; (2) a modification of the Form U–5 question eliciting information on

[11] Securities Exchange Act Release No 39562 (Jan. 20, 1998), 63 FR 3942 (Jan. 27, 1998)(File No. SR–NASD–97–78).

[12] At this meeting, NASAA also approved changes to certain disclosure questions on the Proposed Forms. The NASD submitted the proposed disclosure question changes to its membership for comment. *See* Notice To Members 98–101.

[13] The technical and conforming amendments are listed in Exhibit 2 of the proposed rule change.

[14] The DRP ''Pick Lists'' are contained in Exhibit 3 of the proposed rule change.

customer complaints to make that reporting requirement consistent with the parallel question on the Form U–4 (effectively eliminating the reporting requirement for and permitting the archiving of customer complaints that are over 24 months old and are not otherwise reportable); and (3) an expansion of the reporting requirement on the Form U–5 to include criminal or regulatory actions initiated on the basis of events that occurred while an individual was employed by the firm, even if the actions were initiated after the individual had been terminated.

As NASDR transitions from the current CRD system to Web CRD, there will be a two week period beginning July 31 and ending August 15, 1999 (the ''System Transition Period''), when neither system will be available to process Forms.[15] The System Transition Period is necessary to complete the final data conversions from current CRD to Web CRD and to make final preparations for the deployment of Web CRD. NASDR will not accept the Interim Forms U–4 or U–5 after July 30, 1999.

Although Web CRD will not be operational until August 16, 1999, NASDR is requesting an effective date of August 1, 1999, for Proposed Forms U–4 and U–5. NASDR is requesting this date principally because it will accept paper Proposed Forms U–5 submitted during the two week period beginning August 1, and ending August 15, 1999, provided those Forms U–5 are submitted to report full terminations (*i.e.*, a termination of an individual's registration with all SROs and jurisdictions). In addition, NASDR wants broker-dealers and their associated persons to have an opportunity to familiarize themselves with the new forms prior to the deployment of Web CRD on August 16, 1999. NASDR will review all paper Forms U–5 reporting full terminations that are submitted during the System Transition Period and will provide notice to appropriate regulators/jurisdictions of any such Forms U–5 that contains disclosure information. This interim measure is necessary to protect investors (*e.g.*, to help prevent persons who have been terminated from continuing to engage in securities business) and provide necessary information to regulators.[16]

NASDR will not accept Proposed Form U–4 applications requesting registration/licensing until Web CRD becomes operational on August 16, 1999 (even though they will be ''effective'' August 1, 1999). Firms already have been informed that they must submit new applications for registration before July 30, 1999, or hold them until August 16, 1999.[17] Beginning August 16, 1999, all Forms U–4 and U–5 must be submitted electronically. NASD Regulation has developed a plan to allow registered persons to transfer their registrations during the System Transition Period that is based upon the current Temporary Agent Transfer (''TAT'') program. NASDR has discussed this plan with firms and with the NASAA and expects to issue a Notice To Members on the specifics of the program and on other issues relating to the System Transition Period not later than June 1, 1999.

2. Statutory Basis

NASD Regulation believes that the Proposed Forms are consistent with the provisions of Section 15A(b)(6)[18] of the Act, 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. NASD Regulation believes that the Proposed Forms are consistent with the NASD's authority to adopt appropriate qualifications and registration requirements for persons associated with NASD members or applicants for NASD membership. Article V, Section 2 of the NASD By-Laws authorizes the Board to prescribe the form used by any person who wishes to make application for registration with the NASD. NASD Regulation believes that the Proposed Forms will make the filing of information with CRD easier and more efficient while continuing to provide complete information for use by regulators, SROs, and firms conducting pre-hire checks.

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

NASD Regulation solicited member comment on the substantive changes to Form U–4 and U–5 disclosure questions in Notice To Members 98–101.[19] NASD Regulation received 15 comments in response to the Notice.[20]

Five commenters were in favor of or had no objection to the proposed rule change requiring the reporting of settlements of oral sales practice complaints and eight were opposed. The Securities Industry Association's (''SIA'') Self-Regulations and Supervisory Practices Committee was among the eight commenters opposing the proposed change. The SIA expressed concern about the proposed change on the basis that: (1) it is inconsistent with the Commission's revised proposed books and records rules, which only require the reporting of customer-initiated complaints that are written; (2) a firm may be more vulnerable to a defamation claim brought by a former employee if there is no writing to substantiate the oral customer complaint that resulted in the settlement of $10,000 or more; and (3) it is currently unclear which types of disputes would give rise to a reportable offense and therefore, some execution adjustments might unintentionally be characterized as a sales practice matter.

While NASDR appreciates the SIA's concern, it disagrees with the SIA's argument that the proposed change requires reporting of oral *complaints*. On the contrary, the proposed change would require the reporting of *settlements* of $10,000 or more of a customer complaint (written or oral) alleging a sales practice violation. NASDR believes that this proposed change is consistent with the Commission's proposed books and

[15] The Commission is in the process of amending the Forms BD and BDW so that these forms will be compatible with the Web CRD system. The Forms BD and BDW will be subject to the same transition period as the Forms U–4 and U–5.

[16] NASDR's Public Disclosure Program, which provides disciplinary and other information about NASD members and their associated persons, will continue to be available to the public and regulators during the System Transition Period. Regulators also will continue to have query access (*i.e.*, read only access) to the current CRD system during the System Transition Period.

[17] For more information concerning the CRD Modernization Update, System Transition Period and electronic filing, use the NASDR's web site at www.nasdr.com and review the *CRD/PD Bulletin*, March 1999, Vol. 6, No. 5.

[18] 15 U.S.C. 78o–3(b)(6).

[19] A copy of the Notice is attached at Exhibit 5 to Amendment No. 1.

[20] The commenters are American Express Financial Advisors, Inc.; AmSouth Investment Services, Inc.; Daniel Barba; Charles Schwab & Co., Inc.; Martin L. Feinberg; William E. Graeff; John G. Kinnard & Co.; Ted S. Meilke; Merrill Lynch; Metropolitan Life Insurance Company; National Association of Investment Professionals; Paine Webber; Raymond James Financial Services, Inc.; Regional Investment Bankers Association; Securities Industry Association Self-Regulation and Supervisory Practices Committee. The comments from persons associated with the John G. Kinnard & Co. are treated as one comment because they are identical. Copies of the letters are attached as Exhibit 6 to Amendment No. 1.

records rules [21] because the question addresses the reporting of the settlement and not the oral complaint. Moreover, the NASD staff believes that settlements of such amounts may be indicative of potential sales practice abuses (regardless of whether the complaint is made orally or in writing) and is therefore consistent with one of the purposes underlying the Commission's proposed rules, which is to assist regulators in determining whether an associated person has engaged or is continuing to engage in securities violations such as abusive sales practices. In addition, as the SIA acknowledges, firms are unlikely to settle a customer sales practice complaint for $10,000 or more without something in writing. Finally, NASDR staff and representatives of NASAA are prepared to issue interpretive guidance that would provide greater clarity in the area of what constitutes a sales practice violation (as opposed, for example, to a disagreement over an execution that does not involve an alleged rule violation) and to provide guidance to firms on procedures they should follow to support the reporting of these items.

Eight commenters addressed the proposed changes to the Form U–5 questions regarding the expanded reporting of regulatory and criminal actions. Under the revised question, firms would be required to report regulatory and criminal actions that were initiated after a registered person has left the firm, if the firm receives actual notice of such actions. The current question requires the reporting of these matters only while the registered person is employed by the firm. Commenters generally expressed concern about having to continually monitor former employees to meet this reporting requirement. Comments therefore requested that ''actual notice'' of the initiation of a criminal or regulatory event be defined through interpretive guidance before or in conjunction with the question change. Three commenters also requested that the proposed change be limited to criminal or regulatory events that are directly related to the former employee's employment with the member and that actual notice be defined as written notice to a principal responsible for making regulatory filings or other appropriate person in the legal or compliance department. Two commenters stated that reporting under these questions should be time limited, *e.g.*, to two years after termination.

[21] Securities Exchange Act Release No. 40518 (Oct. 2, 1998), 63 FR 54404 (Oct 9, 1998).

NASDR agrees that the issuance of interpretive guidance is appropriate. NASDR staff has discussed such interpretive guidance with NASAA and has reached an agreement in principle regarding an interpretation. This interpretation will state that firms are not obligated to report events unless they receive actual notice. In this context, actual notice would mean express notice—That is, a communication by the responsible agency/authority regarding the initiation of a criminal or regulatory action directly to a representative of the firm who is aware of the Form U–5 reporting requirement or should be aware of such requirement because such person has official responsibility for receiving such notice. This interpretation would address a majority of commenters' concerns; however, it does not address the time limit on Form U–5 reporting that was suggested by some commenters. Nevertheless, NASDR staff agrees that the establishment of an outside time limit for reporting on Form U–5 should be explored and has begun discussions with NASAA on this issue.

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

Within 35 days of the date of 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 such 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 proposed rule 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 20549–0609. 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 elating 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. 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–98–96 and should be submitted by May 17, 1999.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[22]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99–10807 Filed 4–29–99; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–41327; File No. SR–PCX–99–07]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Pacific Exchange, Inc. Relating to Its Competing Specialist Program

April 22, 1999.

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 March 1, 1999, as amended on April 22, 1993,[3] the Pacific Exchange, Inc. (''PCX'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'' or ''SEC'') the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. 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 Exchange is proposing to establish a Competing Specialist Program on the Exchange. The proposal includes specific procedures for Competing Specialists, including procedures for registration, withdrawal and participation in the Competing Specialist Program. Proposed new

[22] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

[3] *See* Letter from Michael Pierson, Director, Regulatory Policy, PCX to Michael Walinskas, Deputy Associate Director, Division of Market Regulation, Commission, dated April 22, 1999 (''Amendment No. 1''). Amendment No. 1 made numerous technical and descriptive changes to the filing.