

most significant aspects of such statements.

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

On April 7, 1994, the Commission approved an amendment to rule G-19, on suitability, designed to strengthen the rule.¹ As part of that amendment, the language of section (c) regarding suitability of recommendations was amended to ensure that in making a recommendation to customers, dealers must have reasonable grounds, based upon information about the security as well as the customer, for believing that the recommendation is suitable.

Section (d) of rule G-19 requires dealers effecting transactions for discretionary accounts to have prior written authorization and to make a suitability determination regarding the transaction, unless the transaction is specifically directed by the customer. A review of rule G-19 has indicated that a technical amendment to section (d) is necessary to correct a cross reference to the new language of section (c). The proposed rule change also clarifies the language of section (d) to ensure that dealers understand their duty to make a suitability determination before executing a transaction for a discretionary account unless the transaction is specifically directed by the customer without any recommendation having been made.

The Board believes the proposed rule change is consistent with section 15(b)(2)(C) of the Act which provides that the Board's rules:

Be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, foster cooperation with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities, to remove impediments to and perfect the mechanism of a free and open market in municipal securities, and, in general, to protect investors and the public interest.

The proposed rule clarifies the responsibility of dealers to make suitability determinations before executing transactions for discretionary accounts and therefore the Board believes it will protect investors and the public interest.

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

The Board does not believe that the proposed rule change will impose any

burden on competition 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

The Board has neither solicited nor received comments on the proposed rule change.

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

Because the foregoing proposed rule change: (1) does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; (3) was provided to the Commission for its review at least five days prior to the filing date; and (4) does not become operative for thirty days from the date of its filing on June 2, 1995, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(e)(6) thereunder. In particular, the Commission believes the proposal would qualify as a "non-controversial filing" because it makes technical and clarifying changes to an existing MSRB rule. At any time within sixty days of the filing of the proposed 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. 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 in the Commission's Public Reference Room. Copies of the filing will also be available for inspection and copying at the Board's principal offices. All submissions should refer to File No.

SR-MSRB-95-9 and should be submitted by July 11, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.²

Margaret H. McFarland,
Deputy Secretary.

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Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Municipal Securities Rulemaking Board Relating to Fees for Backlog Document Collections of its Official Statement/Advance Refunding Document Subsystem of the Municipal Securities Information Library

June 14, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on May 24, 1995, the Municipal Securities Rulemaking Board ("Board" or "MSRB") filed with the Securities and Exchange Commission ("Commission" or "SEC") a proposed rule change (File No. SR-MSRB-95-7). The proposed rule change is described in Items I, II, and III below, which Items have been prepared by the Board. 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 MSRB is filing herewith a proposed rule change to establish a price of \$7,000 (plus delivery or postage charges) for its 1994 document collection relating to its Official Statement/Advance Refunding Document ("OS/ARD") subsystem of the Municipal Securities Information Library ("MSIL") system (the "1994 backlog fee").¹ The collection consists of imaged documents on magnetic tapes. The proposed 1994 backlog fees are structured to defray the Board's dissemination costs. This fee structure is consistent with the Board's MSIL fee policy, which is that the Board does not expect or intend to make a profit from the MSIL system, and reviews the MSIL

² 17 CFR 200.30-3(a)(12).

¹ Municipal Securities Information Library and MSIL are trademarks of the Board. The MSIL system, which was approved in Securities Exchange Act Release No. 29298 (June 13, 1991) 56 FR 28194, is a central facility through which information about municipal securities is collected, stored and disseminated.

¹ See Securities Exchange Act Release No. 33869 (April 7, 1994) 59 FR 17632.