

a related participant.<sup>4</sup> The SBO settlement netting process was not intended for trades between multiple accounts of a participant or between a participant's account and an account of a related participant. The inclusion of these types of trades was not contemplated when the MBSCC cash adjustment procedures were developed, and the inclusion could cause a perception that participants might receive greater or lesser amounts than originally intended depending upon the amount of internal trades submitted. Participants may record such trades on a trade-for-trade basis.

The proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder because it will facilitate the prompt and accurate clearance and settlement of securities transactions.<sup>5</sup>

*(B) Self-Regulatory Organization's Statement on Burden on Competition*

MBSCC does not believe that the proposed rule change will have an impact on or impose a burden on competition.

*(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others*

MBSCC advised participants by an administrative bulletin dated October 6, 1995, that it would file the proposed rule change with the Commission. No written comments relating to the proposed rule change have been received.

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

Within thirty-five 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 ninety 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.

<sup>4</sup> The term "related participant" means any affiliate (as defined in Rule 12b-2 of the Act) or entity that is used or intended to be used in whole or in part to contravene the purposes of the proposed rule change. Letter from Anthony H. Davidson, MBSCC, to Michele J. Bianco, Division of Market Regulation, Commission (November 1, 1995).

<sup>5</sup> 15 U.S.C. § 78q-1 (1988).

**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 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 provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room in Washington, DC. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization.

All submissions should refer to the file number SR-MBSCC-95-08 and should be submitted by January 3, 1996.

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

Margaret H. McFarland,

*Deputy Secretary.*

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[Release No. 34-36563; File No. SR-NASD-95-57]

**Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Relating to Policy Statement on Market Closings**

December 7, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on November 22, 1995, the National Association of Securities Dealers, Inc. ("NASD" or "Association") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the NASD. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

<sup>1</sup> 15 U.S.C. 78s(b)(1) (1988).

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

The NASD proposes to amend its Policy Statement on Market Closings ("Statement" or "Policy Statement"), adopted pursuant to Article VII, Section 3 of the NASD By-Laws, to: (1) extend the expiration date of the Statement to December 31, 1997; and (2) reflect regulatory developments since the Statement was first adopted in 1988. The amended Statement is as follows (additions are italicized; deletions are bracketed):

NASD Board of Governors Policy Statement on Market Closing  
September 20, 1988

*Amended [insert date] 1995*

*In 1988, [T] the Board of Governors of the National Association of Securities Dealers, Inc. [has] carefully considered the numerous proposals resulting from the October 1987 market break including the Report of the NASD Committee on the Quality of Markets and the "circuit breaker" proposal recommended by the President's Working Group on Financial Markets. The Working Group proposal recommend[s]ed that all U.S. markets for equity and equity-related products, i.e., stocks, individual stock options, and stock index options and futures, halt trading for [one hour] certain specified periods if the Dow Jones Industrial Average ["DJIA"] decline[s]d 250 points or 400 points from its previous day's closing level [and for two hours if the DJIA declines 400 points]. The proposal also recommend[s]ed specific reopening procedures and consistent index futures price limit requirements. Subsequently, the major securities exchanges adopted the recommendations of the Working Group as trading halt rules, with uniform criteria established for the coordinated implementation of trading halts across all equity and equity-related markets in the event of extraordinary market movements. The exchanges have, from time-to-time, considered amendments to such rules.*

Having reviewed the [se numerous] original proposal[s] of the Working Group, the trading halt rules adopted by the major securities exchanges and any modifications thereto, the Board of Governors [has adopted] reaffirms the position that is set forth below in this Statement of Policy.

The Board notes that while progress has been made by the markets in areas involving systems capacity, margin requirements and information sharing, a