

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 will also be available for inspection and copying at the principal office of GSCC. All submissions should refer to File No. SR-GSCC-94-10 and should be submitted by February 23, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-2550 Filed 2-1-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-35284; File No. SR-NASD-95-01]

Self-Regulatory Organizations; Notice of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Subscriber Fees For Non-NASD Members Receiving the Nasdaq Workstation™ II Functionality

January 27, 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 January 9, 1995 the National Association of Securities Dealers, Inc. ("NASD" or "Association") 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 NASD. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

On December 14, 1994, the NASD submitted a proposed rule change—File

No. SR-NASD-94-76—to the Commission that established a new fee schedule for NASD member firms receiving the second generation of Nasdaq Workstation™ service ("NWII").¹ The fee schedule contained in File No. SR-NASD-94-76 became effective upon receipt by the SEC in accordance with Section 19(b)(3)(A)(ii) of the Act and Rule 19b-4(a) thereunder.² As specified in File No. SR-NASD-94-76, the new subscriber fees for NWII will be added to Sections A(9) and E(5) of Part VIII of Schedule D to the NASD By-Laws.

Pursuant to Section 19(b)(1) of the Act, the NASD hereby files this proposed rule change to extend to non-NASD members (e.g., institutional investors) receiving NWII functionality the same subscriber fees that members must now pay: (a) A service charge of \$100/month per server; (b) a display charge of \$500/month per presentation device; and (c) a charge of \$1,150/month for additional circuits. This rule change does not, however, entail any further modification to the fee schedule language for NWII that was set forth in File No. SR-NASD-94-76.

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

In its filing with the Commission, the NASD 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. The NASD 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

The sole purpose of this rule change is to extend to non-NASD members receiving the NWII, the same fees that now apply to NASD members that subscribe to the NWII. Currently, non-NASD members can access to Level 2 Nasdaq Workstation functionality by subscription to the original version of the Nasdaq Workstation service

(hereinafter referred to as "NWII").³ As the NWII roll-out proceeds, it will completely replace the existing NWI for all classes of subscribers. The instant rule change will ensure that the same NWII charges are paid by all subscribers, including those that do not belong to the NASD.

The roll-out of NWII, which began in November, 1994, constitutes a significant milestone in the upgrade of hardware, software, and network facilities that comprise the infrastructure of The Nasdaq Stock Market ("Nasdaq"). The software driving NWII is windows-based and provides several data management features that are not available in NWI. Moreover, a new network—known as the Enterprise Wide Network ("EWN")—has been developed to deliver NWII functionality. The capacity of the EWN is more than five times that of the network developed for NWI (i.e., 56,000 baud versus 9,600 baud). Since the NWII roll-out has now begun, it is appropriate to implement service fees calculated to recover the higher costs of operating and maintaining the NWII functionality and the EWN.

Under the NWII, each subscriber location will have at least one service delivery platform or server that resides on the EWN. (The server functions as the subscriber's gateway to the EWN.) Each server will be capable of supporting up to eight presentation devices (i.e., Workstations). To recover the operational and maintenance costs associated with providing NWII, the new fee structure establishes a charge of \$100/month per server and a charge of \$500/month for each Workstation or presentation device linked to that server. Thus, an NWII subscriber with 8 Workstations and 1 server would pay \$4,100/month under the proposed fee structure. Although it is possible to support as many as eight Workstations on a single server, an NWII subscriber might wish to configure its operating environment, for example, with two servers, each supporting 4 Workstations. In this circumstance, the subscriber would pay \$1,150/month for the second circuit at the same location, \$200/month for the two servers, and \$4,000/month for receipt of NWII functionality on 8 Workstations. The NWII fee structure is premised on the assumption that a subscriber will maximize the capacity of each server before adding a second

¹ The computer facilities that support the provision of NWII are operated by The Nasdaq Stock Market, Inc. ("NSMI"), a wholly owned subsidiary of the NASD.

² See Release No. 34-35189 (January 3, 1995), 60 FR 3014 (January 12, 1995).

³ The NWII roll-out will occur in five phases with the final phase scheduled for completion in mid-1996. Each phase consists of installing NWII at all subscriber sites in a defined geographic area. Thus, while the roll-out proceeds, some subscribers will continue to utilize NWI and will pay the existing charges for that service.

⁵ 17 CFR 200.30-3(a)(12) (1994).