

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. Copies of such filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to the file number in the caption above and should be submitted by January 26, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁴

Margaret H. McFarland,

Deputy Secretary.

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Self-Regulatory Organizations; Notice and Immediate Effectiveness of Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to an Increase in the Automated Confirmation Transaction Service Fees

December 27, 1994.

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 December 8, 1994 the National Association of Securities Dealers, Inc. ("NASD" or "Association") 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 the NASD. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

Transaction related charges:

Comparison	[\$0.0125] \$0.0144/side per 100 shares (minimum 40 shares; maximum 7,500 shares).
Late report—T+1	[\$0.25] \$0.288/side.
Browse/query	[\$0.25] \$2.288/query. ¹
Terminal fee	[\$500.00] \$57.00/month (ACT only terminals).
CTCI fee	[\$500.00] \$575.00/month.
Service desk	[\$500.00] \$57.50/month. ²
Trade reporting	[\$0.025] \$0.029/month (applicable only to reportable transactions not subject to trade comparison through ACT). ³
Risk Management Charges	[\$.03] \$0.035/side and [\$15] \$17.25/month per correspondent firm.

¹ Each Act query incurs the [\$0.25] \$0.288 fee; however, the first accept or decline processed for a transaction is free, to insure that no more than [\$0.25] \$0.288 is charged per comparison. Subsequent queries for more data on the same security will also be processed free. Any subsequent query on a different security will incur the [\$0.25] \$0.288 query charge.

² No change.

³ No change.

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 purpose of this proposed rule change is to effect a 15% across-the-board increase in each of the service fees related to usage of ACT. This increase, which would take effect on January 1, 1995, constitutes the first increase in ACT fees since the Service became operational in the fourth quarter of 1989.² The necessity for this fee change traces to expanded ACT usage as a result of (i) increased trading volumes in The Nasdaq Stock Market ("Nasdaq") and in the segment of the over-the-counter ("OTC") equities market supported by the OTC Bulletin Board

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

The NASD is proposing to increase, by 15%, all existing service fees paid by NASD members that participate in the Automated Confirmation Transaction Service ("ACT" or "Service").¹ The revised fees, which will take effect January 1, 1995, will be set forth in Section A(10) of Part VIII of Schedule D to the NASD By-Laws. The full text of the proposed rule change reflecting the 15% increase in ACT fees is set forth below. (New language is underlined and deletions are bracketed).

Part VIII—Schedule for NASD Charges for Services and Equipment

A. System Services

* * * * *

10. Automated Confirmation Transaction Service

The following charges shall be paid by the participant for use of the Automated Confirmation Transaction Service (ACT):

service ("OTCBB") and (ii) the NASD mandate of real-time trade reporting in Nasdaq SmallCap issues and OTC equities. The aforementioned factors have caused ACT processing to consume a much larger share of network capacity than was originally projected in 1989.

In this regard, a positive correlation exists between Act usage and growth in trade volume as well as the number of securities subject to the NASD's trade reporting requirements. Between 1989 and 1993, the total share volume of Nasdaq grew from 33.5 to 66.5 billion shares, an increase of 98.5%. For the first ten months of 1994, the corresponding figure is approximately 62 billion shares. With respect to growth

⁴ 17 CFR 200.30-3(a)(12).

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

² See Securities Exchange Act Release No. 27551 (December 19, 1989); 54 FR 53408 (December 28, 1989).