

demands on the consolidated quotation system and significantly enhance the transparency of the national market system.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act in general and furthers the objectives of Section 6(b)(5) in particular in that it is intended to promote just and equitable principles of trade and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

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

The CSE does not believe that the proposed rule change will impose any inappropriate burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

The proposed rule change is similar to that contained within File No. SR-CSE-94-11, which was circulated to ITS Participants and which has been withdrawn by the Exchange. The CSE received comments on SR-CSE-94-11 from the New York Stock Exchange, Inc. ("NYSE").¹ The NYSE reiterated the positions it took on autoquoting, spread parameters, and quote-to-trade ratios in an earlier comment letter that was filed in response to File No. SR-CSE-94-01,² the CSE's earlier quality of markets filings.³ In brief, the NYSE questioned the effectiveness of spread parameter and quote-to-trade ratios in improving market quality, and alleged that the CSE was attempting to codify a practice that violated the ITS Plan by permitting specialists to disseminate computer-generated quotes, all forms of which, the NYSE argued, were autoquoting. The NYSE acknowledged, however, in a letter dated September 15, 1994, that "the method of autoquoting in and of itself is not the issue" as much as the impact on market quality which flows from it.⁴

The CSE responded in depth to the NYSE's earlier comments in a letter

¹ See letter from James K.C. Doran, NYSE, to David Colker, CSE, dated December 22, 1994.

² See letter from James Buck, NYSE, to Jonathan Katz, Secretary, SEC, dated May 16, 1994 (commenting on File No. SR-CSE-94-01). This and other comment letters received by the Commission regarding SR-CSE-94-01 and SR-CSE-94-11 are available in the public file for this proposed rule change (File No. SR-CSE-95-1).

³ The CSE withdrew SR-CSE-94-01 on December 22, 1994. See letter from Robert Ackerman, to Sharon Lawson, SEC, dated December 22, 1994.

⁴ See letter from James K.C. Doran, NYSE, to ITS Operating Committee, dated September 15, 1994.

dated July 29, 1994, and the Exchange incorporates, by reference, that response here.⁵ Partly in response to industry comment, the CSE withdrew SR-CSE-94-01 and replaced it with SR-CSE-94-11, which has been withdrawn and replaced with this filing. In both of the recent filings, the CSE has simplified its autoquote prohibition by utilizing the language contained in Section 8(d)(ii) of the ITS Plan. The CSE believes that the elimination of autoquoting, as proposed by the CSE, will contribute significantly to the transparency and liquidity of the national market system without stifling the benefits of competition and technical innovation.

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

Within 35 days of the publication of this notice in the **Federal Register** or within such other 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 the 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. 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 at the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the CSE. All submissions should refer to File No. SR-CSE-95-01 and should be submitted by February 21, 1995.

⁵ See letter from David Colker, CSE, to Jonathan G. Katz, Secretary, SEC, dated July 29, 1994.

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

Margaret H. McFarland,

Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

[License No. 05/05-0172]

Business Ventures, Inc.; Surrender of License

Notice is hereby given that Business Ventures, Inc., 20 North Wacker Drive, Chicago, Illinois 60606, has surrendered its license to operate as a small business investment company under the Small Business Investment Act of 1958, as amended (the Act).

Business Ventures Inc. was licensed by the Small Business Administration on October 31, 1983.

Under the authority vested by the Act and pursuant to the Regulations promulgated thereunder, the surrender was accepted on January 23, 1995, and accordingly, all rights, privileges, and franchises derived therefrom have been terminated.

(Catalog of Federal Domestic Assistance Program No. 59.011, Small Business Investment Companies)

Dated: January 25, 1995.

Robert D. Stillman,

Associate Administrator for Investment.

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BILLING CODE 8025-01-M

[License #08-0002]

First Midwest Capital Corp.; Notice of License Surrender

Notice is hereby given that *First Midwest Capital Corporation* ("FMCC"), has surrendered its license to operate as a small business investment company under the Small Business Investment Act of 1958, as amended ("the Act"). FMCC was licensed by the Small Business Administration on March 19, 1959.

Under the authority vested by the Act and pursuant to the regulations promulgated thereunder, the surrender of the license was accepted on January 24, 1995, and accordingly, all rights, privileges, and franchises derived therefrom have been terminated.

(Catalog of Federal Domestic Assistance Program No. 59.011, Small Business Investment Companies)