

only reduce the time and expense associated with physical movements of securities positions but should also reduce the risk of loss and erroneous processing that always exists with physical movements. The Commission also believes that the procedures for the link between DTC and DBC are consistent with DTC's safeguarding obligation in that all movements into or out of DTC's omnibus account at DBC and into or out of DBC's omnibus account at DTC will be on a free of payment basis.¹⁰

The Commission has taken account of the comment letters that it received in response to the proposed rule change. The Commission believes that the rule change should not affect the obligation of any entity to register as a transfer agent pursuant to Section 17A of the Act.¹¹ In addition, the Commission believes that the rule change should not have any effect on the rules of any self-regulatory organization other than DTC.

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act¹² and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹³ that the proposed rule change (File No. SR-DTC-98-19) be, and hereby is, approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-30826 Filed 11-17-98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40658; File No. SR-NASD-98-71]

Self-Regulatory Organizations; Notice of Withdrawal of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Establishment of a Pilot Program To Provide Proprietary Trading Data via NasdaqTrader.com

November 10, 1998.

On September 29, 1998, the National Association of Securities Dealers, Inc. ("NASD" or "Association") through its wholly-owned subsidiary, the Nasdaq Stock Market, Inc. ("Nasdaq") filed with the Securities and Exchange Commission ("Commission" or "SEC") a proposed rule change, pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² to amend Rule 7010 of the Rules of the NASD, to establish a pilot program to provide proprietary trading data via Nasdaq's NasdaqTrader.com web site.

Notice of the proposed rule change was published on October 9, 1998 to solicit comment from interested persons.³ The Commission received two comment letters concerning the proposed rule change.⁴ On November 5, 1998, the NASD withdrew the proposal rule change.⁵

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-30824 Filed 11-17-98; 8:45 am]

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¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Rel. No. 40542 (October 9, 1998), 63 FR 55909 (October 19, 1998).

⁴ Letters from Roland Beaulieu, President, Thomason Trading Services, Inc. ("Autex"), to Jonathan G. Katz, Secretary, SEC, dated October 22, 1998 and from Mari-Anne Pisarri, Pickard and Djinis LLP, to Katherine A. England, Assistant Director, Division of Market Regulation, SEC, dated October 13, 1998.

⁵ Letter from Robert E. Aber, Senior Vice President and General Counsel, The Nasdaq Stock Market, Inc., to Katherine A. England, Assistant Director, Division of Market Regulation, SEC, dated November 4, 1998.

⁶ 17 CFR 200.30-3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40659; File No. SR-NASD-98-69]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Mutual Fund Breakpoint Sales

November 10, 1998.

On September 10, 1998, the National Association of Securities Dealers, Inc. ("NASD"), through its regulatory subsidiary, NASD Regulation, Inc. ("NASD Regulation") filed with the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder.² In its filing, NASD Regulation proposed to amend Interpretive Memorandum 2830-1 ("IM 2830-1") to clarify the application of the mutual fund breakpoint sales rule to modern portfolio investment strategies. Notice of the proposal was published in the **Federal Register** on October 6, 1998 ("Notice").³ No comments were received on the proposal.

I. Description of the Proposal

Volume purchasers of mutual fund shares often enjoy lower sales charges when purchases reach certain levels (e.g., \$10,000, \$25,000, \$50,000, and so forth). Although funds do not have to offer such discounts under SEC or NASD rules, many funds use reduced fee schedules as a marketing tool to attract large investors. The term "breakpoint" refers to the amount of mutual fund shares that must be purchased before the volume sales charges are reduced. IM-2830-1 prohibits sales of mutual fund shares in amounts below breakpoints, if such sales are made to avoid the reduced volume sales charges. When the Association reviews a suspected violation, it looks at the facts and circumstances of a particular below-breakpoint sale to determine whether there is a bona fide reason for the sale.

NASD Regulation recognizes that the customers of NASD members, to meet their diversification needs and investment goals, may wish to allocate their portfolios among different assets, in a way that does not allow them to get the benefit of volume sales charge

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 40500 (September 29, 1998), 63 FR 53740 (October 6, 1998) (File No. SR-NASD-98-69).

¹⁰ In addition, DTC has obtained an opinion of counsel concerning German law and DTC's participation in DBC.

¹¹ The Commission notes that the entities that will perform transfer functions for shares in DaimlerChrysler are registered transfer agents.

¹² 15 U.S.C. 78q-1.

¹³ 15 U.S.C. 78s(b)(2).

¹⁴ 17 CFR 200.30-3(a)(12).