

9. Each Interfund Loans may be called on one business day's notice by the lending Fund and may be repaid on any day by the borrowing Fund.

10. A Fund's participation in the credit facility must be consistent with its investment policies and limitations and organizational documents. No Fund may borrow through the credit facility unless the Fund has a fundamental policy that required Fund borrowings to be for non-leveraging purposes and temporary or emergency in nature.

11. T. Rowe Price's Credit Facility Team will calculate total Fund borrowing and lending demand through the credit facility, and allocate loans on an equitable basis among the Funds without the intervention of any portfolio manager of the Funds. The Credit Facility Team will not solicit cash for the credit facility from any Fund or prospectively publish or disseminate loan demand data to portfolio managers. T. Rowe price will invest any amounts remaining after satisfaction of borrowing demand in accordance with the standing instructions from portfolio managers or return remaining amounts to the Funds.

12. T. Rowe Price will monitor the interest rates charged and the other terms and conditions of the Interfund Loans and will make a quarterly report to the Directors concerning the participation of Funds in the credit facility and the terms and other conditions of any extensions of credit under the facility.

13. The Directors of each Fund, including a majority of Directors who are not "interested persons" of the Fund as the term is defined in section 2(a)(19) of the Act: (a) will review no less frequently than quarterly the Fund's participation in the credit facility during the preceding quarter for compliance with the conditions of any order permitting the transactions; (b) will establish the Bank Loan Rate formula used to determine the interest rate on Interfund Loans and review no less frequently than annually the continuing appropriateness of the Bank Loan Rate formula; and (c) will review no less frequently than annually the continuing appropriateness of the Fund's participation in the credit facility.

14. In the event an Interfund Loan is not paid according to its terms and the default is not cured within two business days from its maturity or from the tie the lending Fund makes a demand for payment under the provisions of the Interfund Lending Agreement, T. Rowe Price will promptly refer the loan for arbitration to an independent arbitrator selected by the Directors of any Funds involved in the loan who will serve as

arbitrator of disputes concerning Interfund Loans.⁶ The arbitrator will resolve any problem promptly, and the arbitrator's decision will be binding on both Funds. The arbitrator will submit, at least annually, a written report to the Directors setting forth a description of the nature of any dispute and the actions taken by the Funds to resolve the dispute.

15. Each Fund will maintain and preserve for a period of not less than six years from the end of the fiscal year in which any transaction under the credit facility occurred, the first two years in an easily accessible place, written records of all such transactions setting forth a description of the terms of the transaction, including the amount, the maturity, and the rate of interest on the loan, the rate of interest available at the time on short-term repurchase agreements and bank borrowings, and such other information presented to the Fund's Directors in connection with the review required by conditions 13 and 14.

16. T. Rowe Price will prepare and submit to the Directors for review an initial report describing the operations of the credit facility and the procedures to be implemented to ensure that all Funds are treated fairly. After commencement of operations of the credit facility, T. Rowe Price will report on the operations of the credit facility at the Directors' quarterly meetings.

In addition, for two years following the commencement of the credit facility, the independent public accountant for each Fund that is a registered investment company shall prepare an annual report that evaluates Price's assertion that it has established procedures reasonably designed to achieve compliance with the conditions of the order. The report shall be prepared in accordance with the Statements on Standards for Attestation Engagements No. 3 and it shall be filed pursuant to Item 77Q3 of Form N-SAR. In particular, the report shall address procedures designed to achieve the following objectives: (a) That the Interfund Rate will be higher than the Repo Rate and, if applicable the yield of the Reserve Investment Funds, but lower than the Bank Loan Rate; (b) compliance with the collateral requirements as set forth in the application; (c) compliance with the percentage limitations on interfund borrowing and lending; (d) allocation of interfund borrowing and lending

⁶ If the dispute involves Funds with separate Boards of Directors, the Directors, the Direction of each Fund will select an independent arbitrator that is satisfactory to each Fund.

demand in an equitable manner and in accordance with procedures established by the Directors; and (c) that the interest rate on any Interfund Loan does not exceed the interest rate on any third party borrowings of a borrowing Fund at the time of the Interfund Loan.

After the final report is filed, the Fund's external auditors, in connection with their Fund audit examinations, will continue to review the operation of the credit facility for compliance with the conditions of the application and their review will form the basis, in part, of the auditor's report on internal accounting controls in Form N-SAR.

17. No Fund will participate in the credit facility upon receipt of requisite regulatory approval unless it has fully disclosed in its SAI all material facts about its intended participation.

For the SEC, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42067; File No. SR-Amex-99-44]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange LLC Relating to Revised Equity Fee Schedule and Specialist Commissions

October 28, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on October 22, 1999, the American Stock Exchange LLC ("Amex" or "Exchange") 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 Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to: (1) amend the Amex Equity Fee Schedule for certain orders entered electronically

¹ 15 USC 78s(b)(1).

² 17 CFR 240.19b-4.

into the Amex Order File³ from off the floor of the Amex ("System Orders"); (2) eliminate specialist commissions on certain System Orders; and (3) implement a program of revenue sharing with exchange specialists. The text of the proposed rule change is available at the Office of the Secretary, the Amex, and at the Commission.

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 Exchange 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 Exchange 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

1. Purpose

Equity Fee Schedule

The Amex Equity Fee Schedule currently imposes transaction charges on equity orders entered on the Exchange which include both a share-based charge (total shares per month) and a value-based charge (total gross dollar value per month). These charges are not imposed on System Orders up to 1,099 shares except for that System Orders of a member or member organization trading as an agent for the account of a non-member competing market maker. System Orders less than or equal to 1,099 shares of a member or member organization trading as an agent for the account of a non-member competing market maker are subject to transaction charges. In addition, the Exchange imposes a regulatory fee for orders in equities with the exception of certain trades executed in SPDRs®, Select Sector SPDRs®, MidCap SPDRs™, DIAMONDS®, and Nasdaq-100 Shares.™

The Exchange is amending the Amex Equity Fee Schedule to provide that certain System Orders up to 2,099 shares will not be assessed a share or value charge. This provision does not

apply to the System Orders of a member or member organization trading as an agent for the account of a non-member competing market maker. In addition, the revised Equity Fee Schedule also provides that System Orders for up to 2,099 shares will not be assessed a regulatory fee, except for the System Orders of a member or member organization trading as an agent for the account of a non-member competing market maker.

The Exchange imposes a separate fee schedule for executing trades in Exchange-traded fund products. This fee schedule currently applies to SPDRs, MidCap SPDRs, DIAMONDS, Select Sector SPDRs, and the Nasdaq-100® Index Trust.⁴ The Amex proposes to revise the separate fee schedule for exchange-traded fund products to apply it to all Portfolio Depository Receipts, Index Fund Shares and Trust Issued Receipts traded on the Exchange,⁵ as well as those that commence trading in the future. Thus, World Equity Benchmark Shares™ ("WEBS™"), for example, which currently are traded on the Exchange, will become subject to the separate fee schedule.

Currently, all trades executed on the Amex in SPDRs, MidCap SPDRs, DIAMONDS, Select Sector SPDRs, and Nasdaq-100 Shares are exempt from the Amex's regulatory fee, except for System Orders of a member or member organization trading as agent for the account of a non-member competing market maker. Under the new Equity Fee Schedule, all trades on the Exchange in Portfolio Depository Receipts, Index Fund Shares and Trust Issued Receipts will be exempt from the regulatory fee, except for System Orders of a member or member organization trading as agent for the account of a non-member competing market maker.

The Exchange anticipates that the revised Equity Fee Schedule will become effective as of November 1, 1999. In the event that the Exchange has not implemented system changes to permit billing under the new schedule by November 1, 1999, members and member organizations will continue to be billed under the previous schedule but, after implementation of the revised billing system, will receive a credit for the excess amount billed. The Exchange will issue an Information Circular to

members and member organizations regarding the revised schedule prior to its implementation.

Elimination of Specialist Commissions

In conjunction with implementation of the revised Equity Fee Schedule described above, the Amex is implementing a policy to eliminate specialist commissions for System Orders up to 2,099 shares, i.e., orders entered electronically into the Amex Order File from off the Amex floor. System Orders greater than 2,099 shares, manually delivered orders, and all orders in Portfolio Depository Receipts, Index Fund Shares and Trust Issued Receipts will continue to be subject to applicable specialist commissions. In addition, System Orders up to 2,099 shares of a member or member organization trading as an agent for the account of a non-member competing market maker will continue to be subject to specialist commissions. This policy will be implemented on the date of implementation of the revised Equity Fee Schedule.

The elimination of specialist commissions for System Orders of less than 2,099 shares will reduce the cost of executions on the Amex, with the aim of attracting additional order flow, and, in particular, small sized retail orders, to the Exchange. The lower cost of executions is intended to improve the cost competitiveness of Amex executions, which the Amex believes will inure to the benefit of investors and institutions as well as members and member organizations.

Exchange Revenue Sharing

In order to offset the specialists' loss of commissions, the Exchange is instituting a program of revenue sharing with Exchange specialists. Revenue sharing payments to specialists will be made from the Exchange's general revenues and will not be limited to a particular revenue source. The applicable rate for revenue sharing will be calculated on the basis of average daily Amex (not consolidated) trading volume, excluding Portfolio Depository Receipts, Index Fund Shares and Trust Issued Receipts, and based on the following incremental rates per 100 shares:

Average daily volume (millions)	Rate per 100 shares
Up to 40	\$.25
From 40 to 6023
From 60 to 8020
Over 8018

The applicable rate(s) will be calculated monthly. Payments on

³The Amex Order File, previously referred to as the Post Execution Report ("PER") system provides member firms with the means to electronically transmit equity orders, up to volume specified by the Amex, directly to a specialist's post on the trading floor of the Amex.

⁴ See Securities Exchange Act Release No. 40881 (January 4, 1999), 64 FR 1836 (January 12, 1999) (notice of filing and immediate effectiveness of File No. SR-Amex-98-46).

⁵ The Commission approved Amex's listing of Trust Issued Receipts in Securities Exchange Act Release No. 41892 (September 21, 1999), 64 FR 188 (September 29, 1999) (order approving File No. SR-Amex-99-20).

qualified orders will be made monthly in arrears to qualifying specialists at a rate calculated as a single weighted average rate based on volume for the month most recently ended. A qualifying specialist is an equity specialist. Qualifying orders are certain orders delivered electronically from off the floor of the Exchange, excluding all orders for Portfolio Depositary Receipts, Index Fund Shares, and Trust Issued Receipts. System Orders up to 2,099 shares of a member or member organization trading as an agent for the account of a non-member competing market maker will not be subject to revenue sharing.

In its pending filing with the Commission relating to the Exchange's proposed New Equity Market Structure,⁶ the Exchange has stated that specialists will not be permitted to charge commissions upon the execution of orders delivered electronically from off the floor for securities traded under the New Equity Market Structure. Specialists would continue to be able to charge floor brokerage on manually delivered orders and could charge a fee on hand delivered orders when acting as principal if the member leaving the order consents. In addition, following the implementation of the New Equity Market Structure, the Amex will share Exchange revenue with specialists based on a specified rate schedule to effectively offset the specialists' loss of floor brokerage with respect to orders delivered electronically from off the floor. The elimination of specialist commissions and the Exchange's revenue sharing initiative that are the subject of the instant filing are independent from and not conditioned upon implementation of the New Equity Market Structure.

2. Statutory Basis

The Amex believes that the proposed rule change is consistent with Section 6(b) of the Act in general and furthers the objectives of Section 6(b)(4) in particular in that it is intended to assure the equitable allocation of reasonable dues, fees and other charges among members, issuers, and other persons using the Exchange facilities.⁷

⁶ See Securities Exchange Act Release No. 41527 (June 15, 1999), 64 FR 33533 (June 23, 1999) (notice of filing of File No. SR-Amex-99-08).

⁷ The Commission notes that the filing may raise questions concerning payment for order flow. To the extent that it does raise such issues, Exchange members should consider any associated disclosure obligations, namely pursuant to Rules 10b-10 and 11Ac1-3 under the Act, 17 CFR 240.10b-10 and 17 CFR 240.11Ac1-3, respectively.

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

The proposed rule change will impose no burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

No written comments were solicited or received with respect to the proposed rule change.

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

The foregoing rule change, which establishes or changes a due, fee, or other charge imposed by the Exchange, has become effective pursuant to Section 19(b)(3)(A) of the Act⁸ and subparagraph (f)(2) of Rule 19b-4 thereunder.⁹

At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing including whether the proposed rule is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549-0609. 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 Room in Washington, D.C. Copies of such filing will also be available for inspection and copying at the principal office of the Amex. All submissions should refer to File No. SR-Amex-99-

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(2). In reviewing the proposal, the Commission has considered the proposal's impact on efficiency, competition, and capital formation. 15 USC 78c(f).

44 and should be submitted by November 26, 1999.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42073; File No. SR-NASD-99-62]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change and Amendment No. 1 to the Proposed Rule Change by the National Association of Securities Dealers, Inc., Relating to Trade Reporting of Listed Securities

October 28, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on October 20, 1999, the National Association of Securities Dealers, Inc. ("NASD"), through its wholly-owned subsidiary, The Nasdaq Stock Market, Inc. ("Nasdaq") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by Nasdaq. On October 28, 1999, Nasdaq filed an amendment to the proposed rule change.³ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons, and to grant accelerated approval to the proposed rule change, as amended, on a pilot basis through March 1, 2000.

¹⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See letter from Thomas P. Moran, Assistant General Counsel, Nasdaq, to Belinda Blaine, Associate Director, Division of Market Regulation, SEC, dated October 28, 1999 ("Amendment No. 1"). In Amendment No. 1, Nasdaq changes the start date for mandatory 90-second trade reporting for listed securities from October 25, 1999 to November 15, 1999. Nasdaq also notes it will make available its ITS/CAES system until 6:30 pm. Eastern Time beginning on or about October 29, 1999. Finally, Nasdaq states it will coordinate with both the New York Stock Exchange ("NYSE") and the American Stock Exchange ("AMEX") regarding the dissemination of material news by those exchanges' listed companies during the 4:00 p.m. to 6:30 p.m. time period, and will, if appropriate, initiate trading and quotation halts in the Third Market in consultation with those markets.