

fair and impartial manner, the proposal is consistent with Section 11(b) of the Act.<sup>14</sup>

Stop orders, however, are treated differently than other orders under the proposed rule change. Under the proposed rule change, specialists may disclose information about stop orders when the specialist reasonably believes that the member conducting the market probe has the intention to trade in the stock at a price at which such stop orders would be relevant. Orders other than stop orders, including percentage orders, may be disclosed without restriction in response to a member's probe. The Commission believes that because stop orders held on the book may be far away from the market the proposal's special treatment of stop orders is reasonable. The Commission believes that it is reasonable that specialists only disclose stop order information when a member's market probe reasonably indicates an intention to trade at a price at which the stop orders would be relevant. This restriction should help safeguard against potential market manipulation and provide investors who place stop orders with a level of protection and confidence that Exchange members will not be permitted to obtain information regarding stop orders unless they have a legitimate market interest in that information.<sup>15</sup>

**IV. Conclusion**

*It Is Therefore Ordered*, pursuant to Section 19(b)(2) of the Act,<sup>16</sup> that the proposed rule change (SR-AMEX-99-29) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>17</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 00-3748 Filed 2-16-00; 8:45 am]

**BILLING CODE 8010-01-M**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-42409; File No. SR-Amex-00-01]

**Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange LLC Revising Its Floor Decorum Policy and Amending Its Minor Rule Violation Fine System (Rule 590)**

February 10, 2000.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,<sup>1</sup> notice is hereby given that on January 14, 2000, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Amex. The Amex filed the proposal pursuant to Section 19(b)(3)(A) of the Act,<sup>2</sup> and Rule 19b-4(f)(6) thereunder,<sup>3</sup> which renders the proposal effective upon filing with the Commission. 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 Amex proposes to revise its Floor Decorum Policy and to amend its Minor Rule Violation Fine System (Rule 590) to establish a two-tier fine system imposing stiffer penalties for more serious violations. The text of the proposed rule change is as follows (words and characters in brackets are to be deleted; words and characters in italics are to be inserted):

\* \* \* \* \*

*D. Office Rules Minor Rule Violation Fine Systems Rule 590. Minor Violation Fine System*

**Part 2, Floor Decorum Violations**

(a) [Notwithstanding Article V, Section 1(b) of the Constitution, the Exchange may, subject to the requirements set forth herein, impose a fine on any member or member organization for any violation of the Exchange's floor decorum policy in the amount of \$100 for a first offense, \$300 for a second offense, and \$500 for any subsequent offenses within a rolling 12-month period.] The Exchange's [f]Floor [d]Decorum [p]Policy, [which is

<sup>1</sup> 15 U.S.C. 78s(b)(1).  
<sup>2</sup> 15 U.S.C. 78s(b)(3)(A).  
<sup>3</sup> 17 CFR 240.19b-4(f)(6).

published periodically] *set forth at the end of this Part 2*, [sets forth] *delineates* specific guidelines concerning the personal appearance and conduct of persons on the Trading Floor and generally prohibits any other act or omission which disrupts the orderly conduct of business on the Floor or which causes serious interference with the personal comfort or safety of other persons on the Floor.

(b) *Notwithstanding Article V, Section 1(b) of the Constitution, the Exchange may, subject to the requirements set forth herein, impose the following fines on any member or member firm for those violations of the Exchange's Floor Decorum Policy by a member or trading floor employee of a member firm listed below:*

*Violations*

1. *Fighting involving any form of physical altercation (Paragraph 1 of the Floor Decorum Policy, Respectful Conduct).*
2. *Vandalism of property (Paragraph 9 of the Floor Decorum Policy, Vandalism of Property).*

Offense	Fine
1st Offense .....	\$1,000
2nd Offense* .....	1,500
Subsequent Offenses* .....	2,000

\* Within a "rolling" 12-month period.

(c) *Notwithstanding Article V, Section 1(b) of the Constitution, the Exchange may, subject to the requirements set forth herein, impose the following fines on any member or member firm for any violation of the Exchange's Floor Decorum Policy by a member or trading floor employee of a member firm other than a violation set forth in Paragraph (b) above:*

Offense	Fine
1st Offense .....	\$100
2nd Offense* .....	300
Subsequent Offenses* .....	500

\*Within a "rolling" 12-month period.

[(b)](d) In addition to [floor decorum] violations of the Exchange's Floor Decorum Policy, the fines set forth in paragraph [(a)] (c) above may be imposed by the Exchange with respect to the following on-floor and off-floor operational violations:

1. Failure of a specialist to be properly represented at the trading post at scheduled times to answer inquiries regarding the status of orders and to resolve equity DK notices.
2. Failure of a specialist to respond to inquiries regarding unreported PER/

<sup>14</sup> 15 U.S.C. 78k(b).  
<sup>15</sup> The Commission notes that it approved a proposed rule change submitted by the New York Stock Exchange ("NYSE") pertaining to specialist disclosure of information on the order book which contained substantially similar provisions to this proposal. The NYSE proposal also included a provision permitting a specialist to disclose to a member the identity of any buyer or seller on the Book unless the buyer or seller expressly requests that his or her investment anonymity be maintained at all times with respect to a specific order. See Securities Exchange Act Release No. 41421 (May 18, 1999), 64 FR 28848 (May 27, 1999). A similar provision already contained in Amex Rule 174 is not amended by this proposal.  
<sup>16</sup> 15 U.S.C. 78s(b)(2).  
<sup>17</sup> 17 CFR 200.30-3(a)(12).

AMOS automated order routing market orders.

3. Failure to submit option trade comparison data to the Exchange by specified deadlines.

4. Failure to be represented in the Exchange's options reconciliation room at scheduled times to resolve rejected option trades.

[(c)](e) In any action taken by the Exchange pursuant to Part 2 of this Rule, any person against whom a fine is imposed shall be served with a written statement, signed by a Floor Governor, [or] Exchange Official, or *Floor Official*, setting forth (i) the act or omission constituting the violation, (ii) the fine imposed for such violation, and (iii) the date by which such determination becomes final and such fine becomes due and payable to the Exchange, or such determination must be contested as provided below, such date to be not less than 20 days after the date of service of the written statement.

[(d)](f) If the person against whom a fine is imposed pays the fine, such payment will be deemed to be a waiver of such person's right to a hearing before an Exchange Disciplinary Panel and to an appeal to the Amex Adjudicatory Council.

[(e)](g) Any person against whom a fine is imposed pursuant to Part 2 of this Rule may contest the Exchange's determination by notifying the Secretary of the Exchange not later than the date by which such determination must be contested, at which point the matter shall become subject to the provisions of Article V, Section 1(b) of the Constitution. In any such formal disciplinary proceeding, if the Disciplinary Panel determines that the person charged is guilty of the floor decorum violation, the Panel shall be free to impose any one or more of the disciplinary sanctions authorized by the Exchange's Constitution and rules.

(h) *The \$2,000 maximum fine for any violation set forth in Paragraph (b) above subsequent to a second offense may be imposed for a first or second offense if warranted under the circumstances in the view of the Floor Governor, Exchange Official, or Floor Official. The Floor Governor, Exchange Official, or Floor Official may also impose a lesser fine of \$500 for a first offense, again, if circumstances warrant.*

[(f)](i) The \$500 maximum fine for any violation set forth in Paragraph (c) above subsequent to a second offense may be imposed for a first or second offense if warranted under the circumstances in the view of the Floor Governor, [or] Exchange Official, or *Floor Official*. The Floor Governor, [or] Exchange Official, or *Floor Official* may

also impose a lesser fine of \$50 for a first offense, again if circumstances warrant.

(j) *In addition to any fine imposed for vandalism of property under Paragraph (b) above, the Exchange may recover from a member or member firm any cost incurred by the Exchange as a result of such vandalism.*

[(g)] The Exchange shall issue an information circular to the membership from time to time setting forth the Exchange's floor decorum policy as to which it may impose fines as provided in Part 2 of this Rule. Such policy statement shall indicate the specific dollar amount that may be imposed as a fine hereunder with respect to any floor decorum violation.]

#### *Amex Floor Decorum Policy*

*All persons on the Trading Floor are required to comply with the following specific guidelines concerning personal appearance and conduct. Any other act or omission which disrupts the orderly conduct of business on the Floor or which causes serious interference with the personal comfort or safety of others is also prohibited.*

*Violations of the Exchange's Floor Decorum Policy by members or member firm trading floor personnel may result in a member or member firm being charged before an Exchange disciplinary panel or fined under the Exchange's Floor Decorum Violation Fine System (Rule 590, Part 2).*

*Exchange trading floor personnel who fail to comply with this policy may be subject to disciplinary action by the Exchange, including termination of employment.*

#### *1. Respectful Conduct*

*All persons on the Trading Floor should conduct themselves in a manner suitable to a proper business environment.*

*Fighting involving any form of physical or verbal altercation, including the use of unwarranted profanity, is strictly prohibited.*

#### *2. Standard Business Dress Code*

- *Shirts and Blouses: Shirts and blouses and other tops must be of an appropriate business style. Blouses (when appropriate) and shirts must be tucked in. Tee shirts, tennis shirts, golf shirts, polo shirts, tank tops, halter tops, strapless tops, cropped tops, and other informal wear are not permitted.*

- *Ties: While on the Trading Floor between the hours of 9:00 a.m. and 4:45 p.m., men are required to wear ties which are knotted at the appropriate place and in an appropriate style. Clip-*

*on ties must be connected to both sides of the collar.*

- *Pants and Slacks: Pants and slacks must be of appropriate business length and style. Casual pants or slacks, including shorts, cargo pants, and jeans of any type or color are not permitted.*

- *Skirts and Dresses: Skirts and dresses must be of appropriate business length and style. Casual skirts and dresses are not permitted.*

- *Jackets: Suit jackets, tailored jackets, sports jackets, or trading smocks provided or approved by the Exchange must be worn while on the Trading Floor. Those persons working in booths or inside posts may remove their jackets, but must wear their jackets while in transit on Trading Floor.*

- *Footwear: Footwear must be appropriate for business. Rubber-soled dress shoes are recommended. No extreme styles will be allowed on the Trading Floor.*

- *Grooming: Grooming must be neatly maintained.*

- *General: All clothing must present a neat appearance and be appropriately cleaned and pressed. No faded or torn clothing or informal wear of any kind is permitted. Any clothing that draws excessive attention or detracts from a business atmosphere is not acceptable attire on the Trading Floor and is prohibited.*

#### *3. Business Casual Days*

*The Exchange may designate certain days as "business casual" days. On business casual days, all standard business dress guidelines are in force, with the following exceptions:*

- *Shirts and Blouses: Collared sport shirts, including collard tennis, polo, or golf shirts are permitted.*

- *Ties: Ties are not required.*

- *Pants and Slacks: Casual pants and slacks, including "chino" type slacks are permitted if they are of appropriate business length, clean and neatly pressed. Shorts, cargo pants, and jeans of any type or color are not permitted.*

#### *4. Smoking*

*Smoking is not permitted on the Trading Floor or any other area of the Exchange Building at any time, except for the following designated smoking areas:*

- *The Members' lounge located on the ground floor next to the Members' entrance;*

- *The lounge located between the main Trading Floor and the Red Room; and Private offices.*

#### *5. Exchange Identification*

*Members and member firm and Exchange trading floor personnel will*

not be allowed on the Trading Floor without proper Exchange identification. All persons on the Trading Floor must display their identification at all times while on the Trading Floor in a prominent and visible manner.

Exchange identification shall not be altered or defaced in any way.

Visitors and service people must have their floor admission pass on display at all times.

#### 6. Food and Drink

Food and drink, while allowed on the Trading Floor, should be kept and consumed in a way that does not interfere with others. Nuts and seeds which must be shelled prior to consumption are prohibited. All drinks should be in cans or covered containers. Food and drink may not be consumed while in transit on the Floor.

Consumption of alcoholic beverages on the Trading Floor is prohibited.

#### 7. Trash and Litter

All debris resulting from the consumption of food and drink, and other non-business trash, must be properly disposed of. Throwing or dropping objects on the Floor, including food and drink, is strictly prohibited.

While paper of a business nature may be affixed to appropriate wall fixtures on the Floor, tape and other adhesive material may not be used to do so.

#### 8. Running on the Floor

In order to prevent injury to persons on the Trading Floor, running will not be allowed at any time.

#### 9. Vandalism of Property

The abuse, destruction, or theft ("Vandalism") of any property on the Exchange's premises, whether or not owned by the Exchange, is a serious offense and will be dealt with appropriately, including prompt disciplinary action and possible criminal prosecution.

#### 10. Members' Facilities

Members' facilities, including the members' area of the cafeteria, the members' entrance and lounge, and members' restroom and telephones, are for the use of members only.

#### 11. Clerks on the Trading Floor

All clerks are prohibited from entering onto or crossing the Trading Floor from 5 minutes prior to the opening until 30 minutes after the opening and from 30 minutes before the closing until 5 minutes after the closing.

Firms will be issued a limited number of clip-on Clerk Floor Access badges which will be required for a clerk to gain

access to the Floor. The badge shall identify the member firm rather than the clerk. This will allow the Exchange to control the number of clerks on the Floor at any one time.

Clerks may not directly deliver orders to brokers in trading crowds or to specialists at trading posts.

#### 12. Visitors

Visitors are permitted on the Trading Floor between 10:00 a.m. and 3:30 p.m., unless special prior arrangement are made through a Floor Governor. Signed approval from an Exchange Official or Floor Governor is required for the admission of visitors. These requirements do not apply to visitors from listed companies and other guests of the Exchange.

All visitors must remain with their host at all times and, with the exception of ties, all visitors must comply with the dress requirements outlined above.

All visitors must be at least twelve years of age. Children admitted as visitors will be permitted on the Floor only for a limited period of time (not all day).

#### 13. Tube Carriers

All large carriers must be properly maintained by the members firms using them. Carriers are not to be discarded or removed from the Trading Floor.

#### 14. General

Under emergency or unusual circumstances, a Floor Governor or Senior Floor Official in his discretion may waive certain of the above requirements.

Floor Officials, Exchange Officials, Floor Governors, and Exchange Supervisory Personnel are all expected to strictly enforce the Exchange's Floor Decorum Policy.

\* \* \* Commentary

.01-.04 (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 Amex 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 place specified in Item IV below. The Amex 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

Amex Rule 590, Part 2, currently sets forth a system of fines for the disposition of violations of the Exchange's Floor Decorum Policy, which, until now, has been published periodically by the Exchange. Under the current system, Floor Governors and Exchange Officials are authorized to charge members and member firms with floor decorum violations and to assess fines of \$100 for a first offense, \$300 for a second offense, or \$500 for any subsequent offense within a rolling 12-month period. The maximum fine of \$500 for a third and subsequent offenses may be imposed for a first or second offense if warranted by circumstances. A lesser fine of \$50 may also be imposed for a first offense, if circumstances warrant the reduction. The member or member firm may plead guilty and pay the fine or contest the charge and request a formal hearing before an Exchange Disciplinary Panel.

The Exchange has recently initiated plans to improve the general appearance and conduct of people on the Amex Trading Floor. As a result, certain revisions to the Exchange's Floor Decorum Policy are now being proposed.<sup>4</sup> Under the proposal, the standard business dress code set forth in the Policy would clarify what business attire is deemed acceptable on the Floor. The dress code for "business casual days" would also be incorporated into the Floor Decorum Policy. To incorporate other minor changes as well, the proposed rule change would add the entire text of the Floor Decorum Policy to the Amex Rulebook at the end of Rule 590, Part 2, to make it more visible to members and member firms, ending the current practice of periodically sending updates to members and member firms in the form of Information Circulars.

In addition to the above revisions to the Floor Decorum Policy, Part 2 of Rule 590 is being amended to impose a new

<sup>4</sup> In Paragraph 11 of the proposed Floor Decorum Policy, the Amex has stated that "[c]lerks may not directly deliver orders to brokers in trading crowds or to specialists at trading posts." In an attempt to reduce congestion on the trading floor, the Amex has made it the policy that the delivery of orders to specialists shall be the responsibility of broker/dealers, although clerks may have access to the trading floor in order to resolve discrepancies, or "don't-know" problems, arising from the booking of orders. Telephone conversation between Bruce Ferguson, Associate General Counsel, Amex, and Matthew Boesch, Paralegal, Office of Market Supervision, Division of Market Regulation, Commission, on February 9, 2000.

two-tier fine system for violations of the Floor Decorum Policy. The Exchange believes that certain floor decorum violations should be treated as more serious than others, with stiffer fines imposed for those violations. The Amex proposes that the following violations be subject to a fine of \$1,000 for a first offense, \$1,500 for a second offense, and \$2,000 for any subsequent offense within a rolling 12-month period:

- Fighting involving any form of physical altercation (Paragraph 1 of the Floor Decorum Policy, Respectful Conduct); and
- Vandalism of property (Paragraph 9 of the Floor Decorum Policy, Vandalism of Property).

The maximum fine of \$2,000 for a third or subsequent offense may be imposed for a first or second offense if warranted by circumstances. A lesser fine of \$500 may also be imposed for a first offense, if circumstances warrant. Moreover, in addition to any fine imposed for vandalism of property, the Exchange may recover from a member or member firm any cost incurred by the Exchange as a result of such vandalism.<sup>5</sup>

Finally, it is proposed that, in addition to Floor Governors and Exchange Officials, Floor Officials will be allowed to levy fines for violation of the Floor Decorum Policy. This proposed change would appreciably expand the number of persons on the Floor available to enforce the Policy.

## 2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act in general and further the objectives of Section 6(b)(6)<sup>6</sup> in particular in that it is intended to assure that the rules of the Exchange provide that its members and persons associated with its members shall be appropriately disciplined for violation of the provisions of the Act, the rules or regulations thereunder, or the rules of the Exchange.

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

The Amex believes that the proposed rule change will not impose any burden on competition.

<sup>5</sup> The fines imposed for all other violations of the Exchange's Floor Decorum Policy, other than those more serious violations described above, will remain unchanged by the proposed rule change, ranging from \$100 for a first offense to \$500 for a third or subsequent offense within a rolling 12-month period.

<sup>6</sup> 15 U.S.C. 78f(b)(6).

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

Written comments were neither solicited nor received with respect to the proposed rule change.

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

Because the foregoing proposed rule change does not:

- (i) Significantly affect the protection of investors or the public interest;
- (ii) Impose any significant burden on competition; and
- (iii) Become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, and since the Amex has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>7</sup> and Rule 19b-4(f)(6) thereunder.<sup>8</sup> At any time within 60 days of the filing of the 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.<sup>9</sup>

### **IV. Solicitation of Comments**

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change 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

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>8</sup> 17 CFR 240.19b-4(f)(6).

<sup>9</sup> In reviewing this proposal, the Commission has considered the proposal's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

the Commission's Public Reference Room, 450 Fifth Street, N.W., 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 the file number in the caption above and should be submitted by March 9, 2000.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 00-3813 Filed 2-16-00; 8:45 am]

**BILLING CODE 8010-01-M**

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-42404; File No. SR-CHX-99-32]

### **Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Chicago Stock Exchange, Inc. Relating to Amendments to the Exchange's Continuing Education Requirements**

February 7, 2000.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice hereby is given that on January 3, 2000, the Chicago Stock Exchange, Inc. ("CHX" or "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization ("SRO"). 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 amend its continuing education requirements under CHX Article VI, Rule 9 to conform to recommendations made by the Securities Industry/Regulatory Council on Continuing Education. The text of the proposed rule change is available upon request from the Commission's Public Reference Room or the CHX.

<sup>10</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.