

will hold the following meetings during the week of March 13, 2000.

An open meeting will be held on Wednesday, March 15, 2000 at 10:00 a.m. in Room 600. A closed meeting will be held on Thursday, March 16, 2000 at 11:00 a.m.

The subject matter of the open meeting scheduled for Wednesday, March 15, 2000 is:

Consideration of whether to propose amendments to Form N-1A under the Investment Company Act of 1940 and the Securities Act of 1933, Rule 482 under the Securities Act of 1933, and Rule 34b-1 under the Investment Company Act of 1940. The amendments would improve disclosure to investors of the effect of taxes on the performance of open-end management investment companies ("mutual funds" or "funds"). Under the proposed amendments, mutual funds would be required to disclose standardized after-tax returns in the risk/return summary of the prospectus and in Management's Discussion of Fund Performance, which is typically located in the annual report. The proposal also would require funds that chose to include after-tax returns in advertisements and other sales materials to include standardized after-tax returns. For further information, contact Maura S. McNulty, Division of Investment Management, at (202) 942-0721.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(4), (8), (9)(A) and (10) and 17 CFR 200.402(a)(4), (8), (9)(A) and (10), permit consideration for the scheduled matters at the closed meeting.

Commissioner Johnson, as duty officer, voted to consider the items listed for the closed meeting in a closed session.

The subject matters of the closed meeting scheduled for Thursday, March 16, 2000 are:

Institution and settlement of injunctive actions;

Institution and settlement of administrative proceedings of an enforcement nature; and

A litigation matter.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

Dated: March 7, 2000.

Jonathan G. Katz,

Secretary.

[FR Doc. 00-5909 Filed 3-7-00; 12:37 p.m.]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42493; File No. SR-OPRA-00-03]

Options Price Reporting Authority; Notice of Filing and Order Granting Accelerated Effectiveness of Amendment to OPRA Plan Adopting a Temporary Capacity Allocation Plan

March 3, 2000.

Pursuant to Rule 11Aa3-2 under the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on March 3, 2000, the Options Price Reporting Authority ("OPRA")² submitted to the Securities and Exchange Commission ("SEC" or "Commission") an amendment to the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information ("Plan"). The amendment proposes to allocate the message handling capacity of OPRA's processor among the participant exchanges for a temporary period ending May 13, 2000, to minimize the likelihood that during this period the total number of messages generated by the participants will exceed the processor's (*i.e.*, Securities Industry Automation Corporation) aggregate message handling capacity.³ The Commission is publishing this notice and order to solicit comments from interested persons on the proposed Plan amendment, and to grant accelerated

¹ 17 CFR 240.11Aa3-2.

² OPRA is a National Market System Plan approved by the Commission pursuant to Section 11A of the Act and Rule 11Aa3-2 thereunder. See Securities Exchange Act Release No. 17638 (Mar. 18, 1981).

The Plan provides for the collection and dissemination of last sale and quotation information on options that are traded on the member exchanges. The five exchanges that agreed to the OPRA Plan are the American Stock Exchange ("AMEX"); the Chicago Board Options Exchange ("CBOE"); the New York Stock Exchange ("NYSE"); the Pacific Exchange ("PCX"); and the Philadelphia Stock Exchange ("PHLX").

³ OPRA has determined to treat this proposed capacity allocation as an amendment to its national market system plan and, accordingly, to file the proposed capacity allocation for Commission review and approval pursuant to paragraph (b) of Rule 11Aa3-2. Any determination made by OPRA to continue the effectiveness of the proposed capacity allocations or any revised capacity allocations beyond May 13, 2000 will be the subject of a separate filing under the same Rule.

approval to the proposed Plan amendment through May 13, 2000.

I. Description and Purpose of the Amendment

As discussed above, OPRA proposes to allocate the message handling capacity of its processor among the participant exchanges for a temporary period ending May 13, 2000, to minimize the likelihood that during this period the total number of messages generated by the participants will exceed the processor's aggregate message handling capacity. During this period, the processor's aggregate message-handling capacity, which is estimated by the processor to be 3,540 messages per second, will be allocated among the participants by automatically limiting the number of messages that each participant may input to the processor as follows:

American Stock Exchange: 1,024 messages per second
Chicago Board Options Exchange: 1,366 messages per second
Pacific Exchange: 635 messages per second
Philadelphia Stock Exchange: 515 messages per second

OPRA proposes to allocate the message handling capacity of its processor in response to significant increases in the number of options quotations that have recently been experienced by all of the participant exchanges as a result of the greater number of options series being traded on the exchanges and the heightened volatility in the underlying securities. Although the aggregate amount of options market information messages is generally still within the capacity of the OPRA processor, the aggregate options message traffic is now so close to reaching the processor's maximum message-handling capacity that some short-term solution to the problem is necessary to avoid risking unacceptable delays and queuing in the dissemination of real-time options market information. Although some long-term solutions have been proposed in the course of the Options Capacity Planning and Quote Mitigation Program that has been taking place over the past several months, these may not be in place soon enough to deal with the current expansion of message traffic.⁴ For this reason, beginning in January 2000, OPRA's

⁴ See Securities Exchange Act Release No. 41843 (September 8, 1999) in which the Commission issued an order authorizing the options exchanges, OPRA, OPRA's processor and other parties to act jointly in planning, developing and discussing approaches and strategies with respect to options quote message traffic and related matters ("September 1999 Order").

participant exchanges have agreed to allocate the assumed maximum processor capacity among themselves. The agreed-upon capacity allocations have been filed and approved under Exchange Act Rule 11Aa3-2 as amendments to the OPRA Plan.⁵

OPRA's processor now estimates that the capacity allocation may prudently be adjusted upwards to reflect an assumed maximum processor capacity of 3,540⁶ messages per second. Accordingly, OPRA's participant exchanges, in the presence of Commission staff pursuant to the September 1999 Order, have agreed to the allocation that is proposed in this filing to be effective through May 13, 2000. Because this allocation is based upon an assumed maximum processor capacity of 3,450 messages per second, which the processor advises is a realistic number, it should serve the intended purpose of avoiding delays and queues in OPRA's real-time stream of market information.

To retain sufficient flexibility to deal with the changed circumstances within and among the options markets, including the planned commencement of options trading by the International Securities Exchange, the proposed allocations will remain in effect only until May 13, 2000, unless OPRA or the Commission decides that the proposed allocation or some revised allocation should be continued beyond that date.⁷

II. Implementation of the Plan Amendment

OPRA believes the temporary implementation of the proposed capacity allocation program is essential to avoid delays and queues in the dissemination of options market information, which in turn is necessary to achieve the objective of Section 11A(a)(1)(C)(iii),⁸ including to assure the availability to brokers, dealers and investors of information with respect to quotations for and transactions in securities. Accordingly, OPRA requests the Commission to permit the proposed allocation program to be put into effect

⁵ See Securities Exchange Act Release Nos. 42328 (January 11, 2000), 65 FR 2988 (January 19, 2000) (File No. SR-OPRA-00-01) and 42362 (January 28, 2000), 65 FR 5919 (February 7, 2000) (File No. SR-OPRA-00-02).

⁶ The proposed Plan amendment incorrectly referred to 3,518 messages per second. It has been modified here pursuant to OPRA's verbal request. Telephone conversation between Joseph Corrigan, Executive Director, OPRA, and Deborah Flynn, Special Counsel, Division of Market Regulation, Commission, on March 3, 2000.

⁷ Any such continued allocation of OPRA capacity that might be approved by OPRA would be the subject of a separate filing under Rule 11Aa3-2. 17 CFR 240.11Aa3-2. See note 3, *supra*.

⁸ 15 U.S.C. 78k-1(a)(1)(C)(iii).

summarily upon publication of notice of this filing, on a temporary basis, pursuant to paragraph (c)(4) of Rule 11Aa3-2,⁹ based on a finding by the Commission that such action is necessary or appropriate in the public interest, for the protection of investors or the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanisms of, a national market system, or is otherwise in furtherance of the purposes of the Act.

III. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed Plan amendment 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, and all written statements with respect to the proposed Plan amendment that are filed with the Commission, and all written communications relating to the proposed Plan amendment between the Commission and any person, other than those 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. Copies of the filing also will be available at the principal offices of OPRA. All submissions should refer to file number SR-OPRA-00-03 and should be submitted by March 30, 2000.

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Plan Amendment

After careful review, the Commission finds that the proposed Plan amendment is consistent with the requirements of the Act and the rules and regulations thereunder.¹⁰ Specifically, the Commission believes that the proposed amendment, which allocates the limited capacity of the OPRA system among the options markets, is consistent with Rule 11Aa3-2 in that it will contribute to the maintenance of fair and orderly markets and remove impediments to and perfect the mechanisms of a national market system. The Commission notes that the aggregate message traffic generated by the options exchanges is rapidly approaching the outside limit of OPRA's

⁹ 17 CFR 240.11Aa3-2(c)(4).

¹⁰ In approving this proposed Plan amendment, the Commission has considered the proposal's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

systems capacity. OPRA's processor has informed the Commission that current plans to enhance OPRA's systems are not expected to be completed before the end of the second quarter of this year, at the earliest. Consequently, the Commission is concerned that, absent an agreed-to program to allocate systems capacity among the options markets that is put in place immediately, systems queuing of the options quotes may be the norm, to the detriment of all investors and other participants in the options markets. The Commission believes that the agreed-upon allocation proposal is a reasonable means for addressing potential strains on capacity that may occur between now and May 13, 2000.

The Commission finds good cause to accelerate the proposed Plan amendment prior to the thirtieth day after the date of publication in the **Federal Register**. The Commission notes that the proposed Plan amendment is intended to allocate OPRA system capacity for a short period of time to mitigate potential disruption to the orderly dissemination of options market information caused by the inability of the OPRA system to handle the anticipated quote message traffic. The Commission believes that approving the proposed capacity allocation will provide the options exchanges and OPRA with an immediate, short-term solution to a pressing problem, while giving the Commission and the options markets additional time to evaluate and possibly, implement, other quote mitigation strategies. In addition, the limited time frame of the applicability of the capacity allocation program should provide the Commission and the options exchanges with greater flexibility to modify the program, as necessary, to ensure the fairness of the allocation process to all of the options markets going forward. The Commission finds, therefore, that granting accelerated approval of the proposed Plan amendment is appropriate and consistent with Section 11A of the Act.¹¹

V. Conclusion

It Is Therefore Ordered, pursuant to Rule 11Aa3-2 of the Act,¹² that the proposed Plan amendment (SR-OPRA-00-03) is approved on an accelerated basis through May 13, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹³

¹¹ 15 U.S.C. 78k-1.

¹² 17 CFR 240.11Aa3-2.

¹³ 17 CFR 200.30-3(a)(29).

Dated:

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 00-5757 Filed 3-8-00; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42489; File No. SR-AMEX-00-13]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange LLC Relating to the Trading of Options on Biotech HOLDRs

March 2, 2000.

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 February 28, 2000, the American Stock Exchange Inc. ("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 proposed rule change has been filed by the Amex as a "non-controversial" rule change under Rule 19b-4(f)(6)³ under the Act. 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 trade standardized and FLEX equity options on Biotechnology Holding Company Depositary Receipts ("Biotech HOLDRs" or "HOLDRs"). The text of the proposed rule change is available at the Office of the Secretary, 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

The purpose of the proposed rule change is to provide for the trading of standardized equity options and FLEX⁴ equity options on Biotech HOLDRs.⁵ Biotech HOLDRs are exchange-listed securities representing beneficial ownership of the specific deposited securities represented by the HOLDRs. They are negotiable receipts issued by a trust representing securities of issues that have been deposited and are held on behalf of investors in HOLDRs. Biotech HOLDRs, which trade in round lots of 100, and multiples thereof, may be issued after their initial offering through a deposit of the required number of shares of common stock of the underlying issuers with the trustee. The trust will only issue HOLDRs upon the deposit of the shares of underlying securities that are represented by a round-lot of 100 HOLDRs. Likewise, the trust will cancel, and an investor may obtain, hold, trade or surrender HOLDRs in a round-lot and round lot multiples of 100 HOLDRs. Biotech HOLDRs are currently traded on the Exchange like other equity securities, subject to the Exchange's equity trading rules.

The Exchange believes trading options on Biotech HOLDRs is appropriate because Biotech HOLDRs currently exceed the minimum eligibility criteria for equities set forth in Amex Rule 915, as do each of the underlying securities.⁶ Specifically, there are a minimum of 7,000,000 shares of each of the underlying securities owned by persons other than those required to report their security holdings under Section 16(a) of the Act; there are a minimum of 2000 shareholders of each of the underlying securities; trading volume (in all markets in which the underlying

securities are traded) has been at least 2,400,000 shares in the preceding twelve months; the market price per share of each of the underlying securities has been at least \$7½ for the majority of business days during the three calendar months preceding the date of selection as measured by the lowest closing price reported in any market in which the underlying securities traded on each of the subject days and the issuers are in compliance with any applicable requirements of the Act. The Biotech HOLDRs also satisfy these eligibility criteria.

Options on Biotech HOLDRs will be traded on the Exchange pursuant to the same rules and procedures that apply to trading in options on equity securities. However, the Exchange is also proposing to list FLEX Equity options on Biotech HOLDRs. The Exchange will list option contracts covering 100 HOLDRs, the minimum required round lot trading size for HOLDRs. Strike prices for the contracts will be set to bracket the trust issued receipts at the same intervals that apply to standardized equity options (*i.e.*, 2½ point intervals for underlying equity values up to \$25, 5 point intervals for underlying equity values greater than \$25 up to \$200, and 10 point intervals for underlying equity values greater than \$200). The proposed position and exercise limits for options on Biotech HOLDRs will be the same as those established for stock options as set forth in Amex Rule 904 and 905. The Amex anticipates that options on Biotech HOLDRs will initially qualify for a position limit of 13,500 contracts. However, as with standardized equity options, applicable position limits will be increased for options on Biotech HOLDRs if the volume of trading in HOLDRs increases to meet the requirements of a higher limit. As is currently the case for all FLEX Equity options, no position and exercise limits will be applicable to FLEX Equity options overlying the HOLDRs. Options on Biotech HOLDRs will be subject to the listing and maintenance standards set forth in Amex Rule 915 and 916.⁷ FLEX options will be subject to the

⁴ Flex equity options provide investors with the ability to customize basic option features including size, expiration date, exercise style, and certain exercise prices.

⁵ The Exchange's proposal to list and trade Trust Issued Receipts (also referred to as HOLDRs) was approved by the Commission on September 21, 1999. See Securities Exchange Act Release No. 41892 (September 21, 1999), 64 FR 52559 (September 29, 1999).

⁶ The Exchange represents that both the Biotech HOLDRs and the underlying securities meet the options eligibility criteria outlined in Amex Rule 915. Telephone conversation between Scott Van Hatten, Legal Counsel, Derivative Securities, Amex, and Heather Traeger, Attorney, Division of Market Regulation ("Division"), SEC, on February 28, 2000.

⁷ Amex has filed proposed listing and maintenance standards specifically for the trading of options on Trust Issued Receipts, proposed Commentary .07 under Amex Rule 915 and proposed Commentary .09 under Amex Rule 916. The proposed standards have not yet been noticed in the **Federal Register**, as the Commission and the Exchange are still discussing the proposed rule change. See SR-Amex-99-37. If the proposed standards are approved, Biotech HOLDRs will be subject to these specific listing and maintenance standards. Telephone conversation between Scott Van Hatten, Legal Counsel, Derivative Securities, Amex, and Heather Traeger, Attorney, Division, SEC, on February 25, 2000.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6).