

2000, through 11:59 p.m. EST, on March 24, 2000.

By the Commission.

**Johnathan G. Katz,**

*Secretary.*

[FR Doc. 00-6507 Filed 3-13-00; 12:02 pm]

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## SECURITIES AND EXCHANGE COMMISSION

[File No. 500-1]

### U.N. Dollars Corporation; Order of Suspension of Trading

March 13, 2000.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of U.N. Dollars Corporation ("UNDR") because of questions regarding the accuracy of assertions made by UNDR, and by others, in documents sent to and statements made to market makers of the stock of UNDR, other broker dealers, and to investors concerning among other things: (1) Contracts entered into by UNDR, (2) sources of financing claimed by UNDR, and (3) possible artificial manipulation of the market for the stock of UNDR.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above-listed company.

Therefore, it is ordered, pursuant to Section 12(k) of the Securities Exchange Act of 1934, that trading in the above listed company is suspended for the period from 9:30 a.m. EST, March 13, 2000 through 11:59 p.m. EST, on March 24, 2000.

By the Commission.

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42503; File No. SR-CHX-99-11]

### Self-Regulatory Organizations; Order Approving Proposed Rule Change by the Chicago Stock Exchange, Incorporated Relating to Specialist Retention Periods for Nasdaq National Market Securities Traded on the Exchange Pursuant to Unlisted Trading Privileges

March 8, 2000.

#### I. Introduction

On August 19, 1999, the Chicago Stock Exchange, Incorporated ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), 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> a proposed rule change to modify co-specialist retention periods for securities listed on the Exchange and to eliminate co-specialist retention periods for Nasdaq National Market ("Nasdaq/NM") securities traded on the Exchange pursuant to unlisted trading privileges.<sup>3</sup> The **Federal Register** published the proposed rule change for comment on October 12, 1999, and the portion related to listed securities was approved, on an accelerated basis, at that time.<sup>4</sup> The Commission received no comments on the proposal. This order approves the proposal.

#### II. Description of Proposal

The Exchange proposes eliminating retention periods for co-specialists in Nasdaq/NM securities provided that at least five calendar days notice is given to order sending firms. Because the number of Nasdaq/NM securities that the Exchange can trade pursuant to unlisted trading privileges ("UTP") is limited,<sup>5</sup> stock allocation issues relating to Nasdaq/NM securities that are distinct from allocation issues relating to other securities traded on the Exchange have developed. Specifically, because the existing 1,000 security limit on the total number of Nasdaq/NM securities that can be traded UTP on an Exchange-wide basis has been largely

filled, co-specialists in Nasdaq/NM securities cannot acquire a new Nasdaq/NM issue until they deregister in an issue they currently trade and that security is removed from the list of Nasdaq/NM securities traded on the Exchange. The current specialist deregistration rules, however, do not provide the flexibility to quickly complete this procedure.<sup>6</sup> In addition, the current rules do not provide Nasdaq/NM specialist firms sufficient flexibility to reallocate stocks awarded in competition between co-specialists within the same specialist unit when a co-specialist's stocks become active and volatile.<sup>7</sup>

To address these concerns, the Exchange is proposing to eliminate the retention restrictions on co-specialists for Nasdaq/NM securities governed by Interpretation and Policy .01 to Rule 1. The amended interpretation will permit co-specialists in Nasdaq/NM issues to deregister in an issue more quickly, to allow them to respond to market developments. In addition, and, subject to the continuing authority of the Exchange's Committee on Specialist Assignments and Evaluation, the proposal permits co-specialists in Nasdaq/NM securities to deregister at any time after providing at least five calendar days notice to order sending firms, and allows intra-firm transfers of Nasdaq/NM securities awarded in competition without a mandatory retention period.<sup>8</sup>

The Exchange will ensure that there will be no disruption to the marketplace as a result of relaxed stock retention requirements.<sup>9</sup> The Exchange believes

<sup>6</sup> Interpretation and Policy .01 to Article XXX, Rule 1 of the CHX Rules requires two years to elapse before an intra-firm transfer of an issue awarded in competition (*i.e.*, transfer of the issue to another co-specialist within the same specialist unit) is permitted without posting. No time period is required before an intra-firm transfer of an issue awarded without competition is allowed. Before a co-specialist is able to deregister in a security if no other specialist would be assigned to the security after posting and deregistration, a co-specialist was required to trade the security for three months for securities awarded without competition, and one year for securities awarded in competition.

<sup>7</sup> In such a situation, a specialist unit might deem it to be in the best interests of customers and the Exchange to transfer the stock to another co-specialist within the same specialist unit that is assigned to a fewer number of issues or is more experienced.

<sup>8</sup> There is currently no minimum retention period for intra-firm transfers of securities awarded without competition. See Article XXX, Rule 1, Interpretation and Policy .01.

<sup>9</sup> The Exchange represents that the proposed rule change will have no ramifications on the UTP Plan governing the collection, consolidation and dissemination of quotation and transaction information for NASDAQ/NM securities. Telephone call between Paul O'Kelly, Executive Vice President, CHX, and Sonia Patton, Attorney, Division, Commission, on March 8, 2000.

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

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

<sup>3</sup> Securities Exchange Act Release No. 41922 (Sept. 26, 1999), 64 FR 55324 (Oct. 12, 1999).

<sup>4</sup> *Id.* The order permanently approved a pilot program relating to the time periods for which a co-specialist must trade a security listed on the Exchange prior to deregistering as the specialist for that security as set forth in CHX Rules, Article XXX, Rule 1, Interpretation and Policy .01.

<sup>5</sup> Securities Exchange Act Rel. No. 41392 (May 12, 1999), 64 FR 27839 (May 21, 1999).

that the \$2,000 fee it charges for such transfers will prevent disruptive serial transfers and deregistrations that have not been carefully contemplated by the specialist.<sup>10</sup>

The proposed amendments relating to Nasdaq/NM securities will only be effective for as long as the number of Nasdaq/NM issues that can be traded UTP on the Exchange is limited. If the Commission eliminates this limitation, Nasdaq/NM issues and the co-specialist maintaining Nasdaq/NM issues will be subject to the regular retention periods applicable to all other issues traded on the Exchange.

### III. Discussion

The Commission finds that the proposed rule change is consistent with Section 6 of the Act<sup>11</sup> and the rules and regulations thereunder<sup>12</sup> applicable to a national securities exchange. Section 6(b) of the Act<sup>13</sup> states that the rules of an exchange must be designed to facilitate securities transactions and to remove impediments to and perfect the mechanism of a free and open market. The Commission believes that eliminating retention periods for co-specialists in Nasdaq/NM securities will enable the Exchange and specialist firms to more quickly respond to market developments. The Commission believes the proposed rule change will serve the public interest by allowing the transfer of a security to a co-specialist that is more experienced or is assigned to a fewer number of issues if trading in one or more of the securities handled by another co-specialist becomes unusually high or volatile. Finally, in approving the proposed rule change, the Commission notes that the Exchange, through its Committee on Specialist Assignments and Evaluation, will monitor the turnover of co-specialist assignments to avoid possible abuses.

### IV. Conclusion

*It Is Therefore Ordered*, pursuant to Section 19(b)(2) of the Act,<sup>14</sup> that the portion of the proposed rule change relating to specialist retention periods for Nasdaq/NM securities (File No. SR-CHX-99-11) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>15</sup>

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-6367 Filed 3-14-00; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42504; SR-DTC-00-04]

### Self-Regulatory Organizations; The Depository Trust Corporation; Notice of Filing of Proposed Rule Change Relating to Profile Modification Feature of the Direct Registration System

March 8, 2000.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on February 28, 2000, The Depository Trust Corporation ("DTC") 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 primarily by DTC. The Commission is publishing this notice to solicit comments from interested persons on the proposed rule change.

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

The proposed rule change will establish the Profile Modification System ("Profile") feature of the Direct Registration System ("DRS") facility administered by DTC.<sup>2</sup> As described more fully below, Profile will allow a DTC participant to electronically submit to a transfer agent who is a DRS limited participant an investor's instruction that its share positions be moved from the investor's DRS account with the DRS limited participant to the investor's broker-dealer's participant account a DTC. Using Profile, a DRS limited participant may also submit an investor's instruction for the movement of its share position from the investor's broker-dealer's participant account at DTC to an account maintained by the DRS limited participant. Profile may also be used to append information to DRS limited participant's records. Profile will be governed by DTC procedures<sup>3</sup> substantially in the form

attached as Exhibits 3 and 4 to DTC's filing. The fees connected with Profile are specified below.<sup>4</sup>

#### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, DTC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments if received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.<sup>5</sup>

##### (A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In 1996, the New York Stock Exchange, Inc. ("NYSE") and the National Association of Securities Dealers, Inc. modified their listing criteria to permit listed companies to issue securities in book-entry using DRS in lieu of certificates (*i.e.*, securities are registered in the name of the investor on the books of the issuer but no certificate is issued). Since then there has been a steady growth of securities issued in DRS, primarily through corporate actions and initial public offerings. By completing the appropriate information on the transaction advice and submitting the hard copy paper instructions to a DRS limited participant, and investor may update broker-dealer information with a DRS limited participant and may instruct the DRS limited participant to move the investor's share positions to the investor's broker-dealer's participant account at DTC. In 1999, the volume of DRS free delivery order activity moving positions from DRS limited participants to DTC participants exceeded 183,000 transactions. DTC believes that these free deliver order transactions are the

relating to their use of DRS. Once such guidelines have been approved by the Guidelines Subcommittee of the DRS Committee and the DRS Committee, DTC will work with the Guidelines Subcommittee to ensure that the guidelines are distributed to the appropriate parties. The DRS Committee is an industry committee responsible to designing DRS. Its members include the Securities Transfer Association, the Securities Industry Association, the Corporate Transfer Association, the American Society of Corporate Secretaries, and DTC. The staff of the SEC attends meetings of the DRS Committee.

<sup>4</sup> A copy of DTC's proposed rule change and the attached exhibits is available at the Commission's Public Reference Section or through DTC.

<sup>5</sup> The Commission has modified the text of the summaries prepared by DTC.

<sup>10</sup> See Securities Exchange Act Release No. 41569 (June 28, 1999), 64 FR 36726 (July 7, 1999).

<sup>11</sup> 15 U.S.C. 78f.

<sup>12</sup> In approving this rule change, the Commission has considered the proposal's impact on efficiency, competition, and capital formation, consistent with Section 3 of the Act. 15 U.S.C. 78c(f).

<sup>13</sup> 15 U.S.C. 78f(b).

<sup>14</sup> 15 U.S.C. 78s(b)(2).

<sup>15</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> For a description of DRS, see Securities Exchange Act Release No. 41862 (September 10, 1999), 64 FR 51162 (September 21, 1999) [File No. SR-DTC-99-16].

<sup>3</sup> In addition, DTC understands that certain DRS limited participants are developing guidelines