

Exchange for members who make particular contributions to the Exchange's overall success.

The proposed also imposes a \$150 fee on each application submitted by a member organization to act as the specialist in a security and revises the fee paid per assignment by the member organization ultimately chosen to fulfill the specialist role. These revised fees are smallest for assignments made when only one firm is seeking to act as the specialist on a particular security, and then increase in two tiers, depending on how many firms seek a common assignment. This revised fee structure reflects, in part, the increased work involved both in processing multiple specialist applications for the same security and in bringing those issues before the Exchange's Committee on Specialist Assignment and Evaluation. This structure also reflects the Exchange's belief that an assignment sought by more than one specialist firm is a more valuable assignment than one that is not the subject of competition.⁵ These modified fees take effect on April 1, 2000.

Finally, the proposal defines the amounts of the fees for the fingerprinting and background checks required as part of the membership and floor employee application process, and also states the amount of the fee for replacing a floor access badge.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act in general and furthers the objectives of Section 6(b)(4)⁶ in particular in that it is intended to provide for the equitable allocation of reasonable dues, fees and other charges among its members and

⁵ Under the proposed arrangement, the Exchange will continue its practice of charging somewhat higher fees for the assignment of Nasdaq/NM Securities than for the assignment of Dual Trading System Securities. The Exchange believes this structure appropriately reflects the increasing amount of work related to the number of specialist applications the Exchange receives for the assignment of Nasdaq/NM Securities. The higher fee will also help to offset at least some of the development costs associated with the growing Nasdaq/NM Securities program by directly assessing the firms being assigned the opportunity to act as specialists in Nasdaq/NM Securities. More importantly, demand for Nasdaq/NM issues exceeds the supply available under the Exchange's current pilot program, which permits the Exchange to trade only 1,000 Nasdaq/NM Securities. The Exchange believes that the higher fee will, in part, moderate that demand. See Securities Exchange Act Release No. 41392 (May 12, 1999), 64 FR 27839 (May 21, 1999), (S7-24-89), increasing the permissible number of Nasdaq/NM Securities eligible for trading on the CHX on an unlisted or listed basis from 500 to 1,000.

⁶ 15 U.S.C. 78f(b)(4).

issuers and other persons using its facilities.

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

The CHX does not believe that the proposed rule change will impose any inappropriate burden on competition.

C. Self-Regulatory Organization's Statement on Comments 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 Commission Action

Because the foregoing rule change establishes or changes a due, fee, or other charge imposed by the CHX, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁷ and paragraph (f)(2) of Rule 19b-4 thereunder.⁸ 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.⁹

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 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

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f)(2).

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

Exchange. All submissions should refer to File No. SR-CHX-00-06 and should be submitted by April 18, 2000.

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

Maragret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42567; File No. SR-CHX-00-03]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Stock Exchange, Incorporated Relating to Administration of the Exchange's Floor Membership Examination

March 22, 2000.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice hereby is given that on March 6, 2000,³ the Chicago Stock Exchange, Incorporated ("CHX" 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 CHX. 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 Interpretation and Policy .01(a) to CHX Rule 3 to eliminate the requirement that applicants for Exchange membership requesting a floor presence be posted for membership before taking the Exchange's Floor Membership Examination. The proposal would permit administration of the Floor Membership Examination in a manner more convenient for both the applicant and the Exchange's staff. The text of the

¹⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Exchange originally submitted the proposed rule change on February 28, 2000 pursuant to section 19(b)(2) of the Act. After consulting with Commission staff, the Exchange submitted Amendment No. 1 to refile the proposed rule change as a non-controversial filing pursuant to Rule 19b-4(f)(6) under the Act. Letter from Ellen J. Neely, Vice President and General Counsel, CHX, to Katherine A. England, Assistant Director, Division of Market Regulation, Commission, dated March 3, 2000 ("Amendment No. 1").

proposed rule change is set forth below. Deletions are in brackets.

ARTICLE VI

RESTRICTIONS AND REQUIREMENTS

Training and Examination of Registrants

Rule 3.

* * * * *

Interpretations and Policies

.01 Floor Member Organizations

(a) Floor Membership Exam

All applicants for membership on the Exchange requesting a floor presence must successfully complete the Floor Membership Exam [after the applicant has been posted for membership].

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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 CHX 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 CHX 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 proposed rule change will permit administration of the Floor Membership Examination either before or after posting of an applicant requesting a floor presence on the Exchange. The Exchange believes that the flexibility afforded by the proposed rule change will permit more efficient scheduling and administration of the examination process to the benefit of prospective members, member organizations, and Exchange staff, by removing the unnecessary formality of requiring posting as a prerequisite to taking the exam. The Exchange will still require applicants of prospective members to be posted prior to approval for membership, which will maintain the protections of the membership consideration progress.

2. Statutory Basis

The proposed rule change is consistent with section 6(b)(5) of the

Act⁴ in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons regulating securities transactions, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition.

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

The Exchange has not solicited or received written comments on the proposed rule change.

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

Because the proposed rule change: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) does not become operative for 30 days from March 6, 2000, the date on which it was filed, and the Exchange provided the Commission with written notice of its intent to file the proposed rule change at least five business days prior to the filing date, it has become effective upon filing pursuant to section 19(b)(3)(A) of the Act and rule 19b-4(f)(6) thereunder.⁵ At any time within 60 days of the filing of such 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.⁶

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, NW., Washington, DC 20549-0609. Copies of the submission, all subsequent amendments, all written statements

⁴ 15 U.S.C. 78(b)(5).

⁵ 17 CFR 250.19b-4(f)(6).

⁶ In reviewing this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

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 at the Commission's Public Reference Room. Copies of the filing will also be available for inspection and copying at the principal office of the CHX. All submissions should refer to the File No. SR-CHX-00-01 and should be submitted by April 18, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42562; File No. SR-Phlx-00-18]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto by the Philadelphia Stock Exchange, Inc. Relating to the Monthly Examination Fee

March 22, 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 18, 2000, the Philadelphia Stock Exchange, Inc. ("Phlx" 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. On March 13, 2000, the Exchange submitted Amendment No. 1 to the proposed rule change.³

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ In Amendment No. 1, the Exchange corrected the Schedule of Dues and Fees contained in Appendix A to reflect the current status of recently proposed fees. See letter from Murray L. Ross, Secretary, Phlx, to Nancy Sanow, Senior Special Counsel, Division of Market Regulation ("Division"), SEC, dated March 10, 2000 ("Amendment No. 1").