

of an original listing.⁶ The Exchange proposes to implement the new minimum initial listing fee as of April 1, 2000.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirement under Section 6(b)(4) of the Act⁷ that an Exchange have rules that provide for the equitable allocation of reasonable dues, fees, and other charges among its members and issuer and other persons using its facilities.

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 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

The Exchange has neither solicited nor received written comments on the proposed rule change, as amended.

III. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change, as amended, 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 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. Copies of such filing will also be available for inspection and copying at the principal office of the NYSE. All submissions should refer to File No. SR-NYSE-00-10 and should be submitted by April 28, 2000.

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

The Commission finds that the proposed rule change, as amended, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange,⁸ and in particular, with the requirements of Section 6(b)(4),⁹ that the Exchange's rule provide for the equitable allocation of reasonable dues, fees, and other charges. Specifically, the Commission believes that the Exchange's proposal to establish a minimum original listing fee of \$150,000 is not unreasonable and should not inequitably allocate fees to the Exchange's issuers.

The NYSE has requested that the Commission find good cause for approving the proposed rule change, as amended, prior to the thirtieth day after the date of publication of notice in the **Federal Register**. Specifically, the Exchange requests that the Commission accelerate the effective date of the proposed rule change so the Exchange can implement the fee change by April 1, 2000, to coincide with the Exchange's quarterly billing cycle.¹⁰ The Commission believes that it is reasonable to permit the Exchange to implement the fee change on April 1, 2000, in conjunction with the beginning of the Exchange's next fiscal quarter. Accordingly, the Commission finds good cause, consistent with Sections 6(b)(5) and 19(b)(2) of the Act,¹¹ to approve the proposed rule on an accelerated basis.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹² that the proposed rule change (SR-NYSE-00-10), as amended, is hereby approved on an accelerated basis.

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

Margaret H. McFarland,

Deputy Secretary.

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⁸ In approving this rule, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁹ 15 U.S.C. 78f(b)(4).

¹⁰ Telephone conversation between Amy Bilbija, Counsel, NYSE, and Heather Traeger, Attorney, Division, SEC, on March 29, 2000.

¹¹ 15 U.S.C. 78f(b)(5) and 78s(b)(2).

¹² 15 U.S.C. 78s(b)(2).

¹³ 17 CFR 200.30-3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 42600; File No. SR-Phlx-00-22]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Amending PHLX Rule 237 To Add a Credit Limit Feature to the Volume Weighted Average Price Trading System (VTS)

March 30, 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 March 3, 2000, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed a proposed rule change with the Securities and Exchange Commission ("SEC" or "Commission"). The proposed rule change is 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 amend Rule 237, "The Universal Trading System Morning Session,"³ to implement a Credit Limit Feature ("Feature") to the Volume Weighted Average Price Trading System "VTS"TM.⁴ Specifically, proposed Rule 237(l) states that the Credit Limit Feature provides automated validation of credit limits imposed by SCCP/Phlx members on users and committers. The Credit Limit Feature is engaged when the SCCP/Phlx member provides credit limit instructions on a form prescribed by the Exchange. Rule 237(a) states that the VTS may remove orders and commitments that exceed the established credit limits. The text of the proposed rule change is available at the Exchange and at the Commission.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The VTS was developed by Universal Trading Technologies Corporation ("UTTC"TM), and was approved by the Commission to operate as a facility of the Exchange. See Securities Exchange Act Release No. 41210 (March 24, 1999) (SR-Phlx-96-14).

⁴ The Exchange filed a proposed rule change to change the name of the VTS to "eVWAP", SR-Phlx-00-19.

⁶ *Id.*

⁷ 15 U.S.C. 78f(b)(4).

II. Self-Regulatory Organization's Statements Regarding the Purpose of, and the 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 VTS provides a morning matching session for the execution of large-sized orders at the volume weighted average price ("VWAP"). The receipt and matching of these orders is handled electronically through the VTS. Non-member users may enter into the system so long as they have the appropriate give-up arrangements with a Stock Clearing Corporation of Philadelphia ("SCCP") member, who must also be a Phlx member who has assumed responsibility for that order.⁵ In addition, Phlx member committers and member users who are not members of SCCP may have a clearing arrangement with SCCP member clearing firms who may want to impose credit limits on their customers. Currently, VTS users and committer credit limits must be monitored and enforced by the clearing firm by means external to the system.⁶ In this regard, a number of members have requested an automated credit limit validation feature to validate their customer's credit limit before allowing the VTS committer or user to match and execute orders.

Thus, the Exchange proposes to implement the Feature, which provides an automated means for SCCP/Phlx members to impose credit limits on their customers' use of the system. SCCP/Phlx members, through the Feature, may impose credit limits: (i) On an identified clearing customer, (ii) On an identified account, or (iii) On an identified clearing customer's use of an identified account. The Feature permits clearing firms to set credit limits to limit different order types such as buys, sells,

short sales, internal crosses and two-sided commitments. The member will specify the appropriate credit limits or changes to credit limits to the authorized enrollment personnel on a form prescribed by the Exchange, prior to implementation of the Feature for that customer. Once engaged, the Feature precludes any daily commitments and incoming orders of clearing customers that would exceed established credit limits from entering into VTS. Consistent with current practice, in determining whether the credit limit has been reached, valuation of commitments and orders would be based on the previous day's closing prices. Similarly, the Feature also permits members to apply their customers' unsettled trades from previous day[s] match session[s] against such customers' credit limits.

The Exchange believes that this proposed system change should assist members in ensuring that agreed upon credit limits are enforced, and thereby reduce the burden on clearing firms to verify and enforce customer credit limits. In addition, the proposed feature should ensure that such customers are complying with agreed upon credit limits.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Act in that it is designed to promote just and equitable principles of trade, prevent fraudulent and manipulative acts and practices and protect investors and the public interest by installing a Credit Limit Feature to ensure that VTS users and committers abide by the credit limit agreed upon with their clearing firms.

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

The Exchange does not believe that the proposed rule change will result in any 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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

The foregoing rule change has become effective immediately under Section

19(b)(3)(A) of the Act⁷ and subparagraph (f)(5) of Rule 19b-4 thereunder,⁸ in that it constitutes a change in an existing order-entry or trading system that: does not significantly affect the protection of investors or the public interest; does not impose any significant burden on competition; and does not have the effect of limiting the access to or availability of the system. Specifically, the proposed rule change ensures that VTS users and committers abide by the credit limit agreed upon with their clearing firms by providing automated credit limit validation.

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 or 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 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 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 they 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 such filing also will be available for inspection and copying at the principal office of the Exchange.

All submissions should refer to File No. SR-PHLX-00-22 and should be submitted by April 28, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,
Deputy Secretary.

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⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f)(5).

⁹ 17 CFR 200.30-3(a)(12).

⁵ See Exchange Rule 237(c)(ii).

⁶ The SCCP member and the respective customer agree upon the appropriate credit limits. Neither the Exchange nor SCCP approves credit limits for customers.