

The proposed is intended to increase revenue to the MSRB to cover budgetary expenditures. The MSRB contends that it is facing a projected shortfall in revenue caused by declining underwriting assessments and increases in projected expenses. According to the MSRB, during the past five years, increased regulatory activities and expanded operation of the Municipal Securities Information Library ("MSIL") system have increased its expenses from \$6,716,681 in FY 1994 to \$9,849,701 in FY 1999. The MSRB reported that much of the expenses during this time resulted from development and operation of its Transaction Reporting System.⁷ In addition, according to the MSRB, its long-range plans call for increased involvement in activities to improve disclosure, which may entail substantial modification or enhancement of the Board's computer systems, thus requiring increased revenue.

III. Discussion

The Commission must approve a proposed MSRB rule change if it finds that the proposal is consistent with the requirements of the Act and the rules and regulations thereunder that govern the MSRB.⁸ The Commission finds that the proposal meets the above standard. In particular, the Commission finds that the proposed rule is consistent with the requirements of Section 15B(b)(2)(J) of the Act,⁹ which requires, in pertinent part, that the MSRB's rules shall "provide that each municipal securities broker and each municipal securities dealer shall pay to the Board such reasonable fees and charges as may be necessary or appropriate to defray the costs and expenses of operating and administering the Board."

The Commission believes that the proposal will help to provide sufficient

⁷ The MSRB reported that MSIL expenditures during the past five fiscal year totaled \$16.5 million, more than half of which is for its Transaction Reporting System development and operations. The MSRB has enhanced the Transaction Reporting System to disseminate more information in the transparency reports and to increase the information provided in a surveillance database to support enforcement of Board rules. Annual subscriptions to the transparency reports are available for a fee of \$15,000, which the MSRB stated has resulted in revenue that less than offsets the marginal cost of production. In January 2000, the MSRB began making available detailed transaction reports and determined that, in order to foster the broadest possible dissemination of price information, the new reports will be made available free of charge. See Exchange Act Release No. 41916 (Sept. 27, 1999) 64 FR 53759 (Oct. 4, 1999).

⁸ 15 U.S.C. 78s(b). The Commission's statutory role is limited to evaluating rules as proposed against the statutory standards. See S. Rep. No. 75, 94th Cong., 1st Sess., at 13 (1975).

⁹ 15 U.S.C. 78o-4(b)(2)(J).

revenues to fund Board operations and to allocate fees among brokers, dealer, and municipal securities dealers in a manner that more accurately reflects each dealer's participation in the municipal securities market. The Commission believes that the MSRB's fees should be based, to the extent possible, on a comprehensive measurement of participation in the municipal market. The Commission further believes that it is appropriate for the MSRB to change the scope of the rules governing fees based on changes in dealer participation in the market. The Commission also believes that the increased revenue will help to ensure that the MSRB continues to provide increased disclosure in the municipal securities market.

IV. Conclusion

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with the Exchange Act and the rules and regulations thereunder applicable to the MSRB and, in particular, Sections 15B(b)(2)(J).¹⁰

It Is Therefore Ordered, pursuant to Section 19(b)(2) of the Act¹¹ that the proposed rule change (SR-MSRB-00-03) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹²

Margaret H. McFarland,

Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

[Declaration of Economic Injury Disaster #9H05]

State of Washington

King County and the contiguous counties of Chelan, Kittitas, Pierce, Snohomish, and Yakima in the State of Washington constitute an economic injury disaster area as a result of the civil disturbance in the City of Seattle during the World Trade Organization Conference from November 29 to December 4, 1999. Eligible small businesses and small agricultural cooperatives without credit available elsewhere may file applications for economic injury assistance for this disaster until the close of business on

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

¹¹ 15 U.S.C. 78s(b)(2).

¹² 17 CFR 200.30-3(a)(12)

January 8, 2001 at the address listed below or other locally announced locations: U.S. Small Business Administration, Disaster Area 4 Office, P.O. Box 13795, Sacramento, CA 95853-4795.

The interest rate for eligible small businesses and small agricultural cooperatives is 4 percent.

(Catalog of Federal Domestic Assistance Program No. 59002.)

Dated: April 7, 2000.

Aida Alvarez,

Administrator.

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SMALL BUSINESS ADMINISTRATION

Small Business Investment Company Computation of Alternative Maximum Annual Cost of Money to Small Businesses

13 CFR 107.855 limits the maximum annual Cost of Money (as defined in 13 CFR 107.50) that may be imposed upon a Small Business in connection with Financing by means of Loans or through the purchase of Debt Securities. The cited regulation incorporates the term "Debenture Rate", which is defined in 13 CFR 107.50 as the interest rate, as published from time to time in the **Federal Register** by SBA, for ten year debentures issued by Licensees and funded through public sales of certificates bearing SBA's guarantee.

Accordingly, Licensees are hereby notified that effective the date of publication of this Notice, and until further notice, the Debenture Rate, plus the 1 percent annual fee which is added to this Rate to determine a base rate for computation of maximum Cost of Money, is 8.64 percent per annum.

13 CFR 107.855 does not supersede or preempt any applicable law imposing an interest ceiling lower than the ceiling imposed by its own terms. Attention is directed to Section 308(i) of the Small Business Investment Act of 1958, as amended, regarding that law's Federal override of State usury ceilings, and to its forfeiture and penalty provisions.

(Catalog of Federal Domestic Assistance Program No. 59.011, small business investment companies)

Dated: April 7, 2000.

Don A. Christensen,

Associate Administrator for Investment.

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