SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon Written Requests, Copies Available From: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549

Extension:
Rule 489 and Form F–N, SEC File No. 270–361, OMB Control No. 3235–0411
Form 24F–2, SEC. File No. 270–399, OMB Control No. 3235–0456

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (''Act'') [44 U.S.C. 3501 *et seq.*], the Securities and Exchange Commission ('Commission'') is soliciting comments on the collections of information summarized below. The Commission plans to submit these existing collections of information to the Office of Management and Budget for extension and approval.

Rule 489 under the Securities Act of 1993, Filing of Form by Foreign Banks and Certain of their Holding Companies and Finance Subsidiaries; and Form F–N, Appointment of Agent for Service of Process by Foreign Banks and Foreign Insurance Companies and Certain of Their Holding Companies and Finance Subsidiaries Making Public Offerings of Securities in the United States.

Rule 489 under the Securities Act of 1933 [17 CFR 230.489] requires foreign banks and insurance companies and holding companies and finance subsidiaries of foreign banks and foreign insurance companies that are excepted from the definition of ''investment company'' by virtue of Rules 3a–1, 3a–5, and 3a–6 under the Investment Company Act of 1940 to file Form F–N to appoint an agent for service of process in the United States when making a public offering of securities. Approximately seven entities are required by Rule 489 to file Form F–N, which is estimated to require an average of one hour to complete. The estimated annual burden of complying with the rule's filing requirement is approximately eight hours, as one of the entities has submitted multiple filings.

Under 17 CFR 270.24f–2, any open-end management companies (''mutual funds''), unit investment trusts (''UITs'') or face-amount certificate companies (collectively, ''funds'') that are deemed to have registered an indefinite amount of securities must, not later than 90 days after the end of any fiscal year in which it has publicly offered such securities, file Form 24F–2 with the Commission. Form 24F–2 is the annual notice of securities sold by funds that accompanies the payment of registration fees with respect to the securities sold during the fiscal year.

The Commission estimates that 8,203 funds file Form 24F–2 on the required annual basis. The average annual burden per respondent for Form 24F–2 is estimated to be one hour. The total annual burden for all respondents to Form 24F–2 is estimated to be 8,203 hours.

Compliance with the collection of information required by Form 24F–2 is mandatory. The Form 24F–2 filing that must be made to the Commission is available to the public.

The estimates of average burden hours are made solely for the purposes of the PRA and are not derived from a comprehensive or even representative survey or study of the cost of Commission rules and forms. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC. 20549.

Dated: April 11, 2000.

Jonathan G. Katz,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–42685; File No. 4–430]

Order Staying the Deadlines for Decimal Implementation and Notice of Request for Comment on Revised Decimal Implementation Schedules

April 13, 2000.

On January 28, 2000, the Securities and Exchange Commission (''Commission'') issued an order (the ''Decimals Order'') [1] requiring the American Stock Exchange LLC (''AMEX''), the Boston Stock Exchange, Inc. (''BSE''), the Chicago Board Options Exchange, Inc. (''CBOE''), the Chicago Stock Exchange, Inc. (''CHX''), the Cincinnati Stock Exchange, Inc. (''CSE''), the National Association of Securities Dealers, Inc. (''NASD''), the New York Stock Exchange, Inc. (''NYSE''), the Pacific Exchange, Inc. (''PCX''), and the Philadelphia Stock Exchange, Inc. (''PHLX'') (collectively the ''Participants'') [2] to facilitate an orderly transition to decimal pricing in the United States securities markets. The Decimals Order prescribed a timetable for the Participants to begin trading some equity securities (and options on those equity securities) in decimals by July 3, 2000, and all equities and options by January 3, 2001.

On March 6, 2000, despite previous assurances of readiness, the NASD announced that The Nasdag Stock Market Inc. (''Nasdaq'') would not have sufficient capacity to meet the target dates for implementation. [3] The NASD also expressed concerns regarding overall industry readiness and requested that the Commission work with the industry and the markets to determine an appropriate time frame that would not impose unnecessary risks on investors. [4]

[1] *See* Securities Exchange Act Release No. 42360 (Jan. 28, 2000), 65 FR 5004 (Feb. 2, 2000) (''Decimals Order'').

[2] Since the date of the Decimals Order, the Commission approved the registration of the International Securities Exchange (''ISE'') as a national securities exchange. *See* Securities Exchange Act Release No. 42455 (Feb. 24, 2000), 65 FR 11388 (March 2, 2000). On March 10, 2000, the Commission included the ISE within the term ''Participants'' for purposes of the Decimals Order. *See* Securities Exchange Act Release No. 42516 (March 10, 2000), 65 FR14637 (March 17, 2000) (''Extension Order'').

[3] *See* Letters from Frank G. Zarb, Chairman and Chief Executive Officer, NASD, to Arthur Levitt, Chairman, Commission, dated March 6, 2000 and March 21, 2000.

[4] Nasdaq has committed to stepping up its efforts (including, at the Commission's request, hiring an independent consultant to advise on capacity issues) to help ensure that it manages its growth responsibly. The Commission expects, and has been assured, that Nasdaq will dedicate substantial

The Commission remains committed to implementing decimal pricing an expeditiously as possible. Decimal pricing could benefit investors by enhancing investor comprehension, facilitating globlization of our markets, and potentially reducing transaction costs. At the same time, however, the Commission believes that decimal pricing must be implemented in a manner that does not have a negative impact on the order routing, trading, and settlement systems of the markets and the securities industry, and that does not result in investor confusion.

In light of the NASD's announcement that it is unable to meet the original planned implementation schedule for decimalization, and subsequent communications with the Participants, the industry, and others, the Commission hereby suspends the deadlines in the Decimals Order.[5] The Commission also requests comment on two alternatives for initiating decimal trading in exchange-listed equity securities this year.

I. Alternative Schedules To Implement Decimal Pricing

Since the NASD's announcement, the Commission, Participants, and other members of the securities industry have continued to discuss industry readiness and the feasibility and advisability of proceeding with the timetable set forth in the Decimals Order and the Extension Order without, or with the limited participation of, Nasdaq.[6] Based on these discussions, it appears that decimal pricing in at least some exchange-listed securities may be feasible this year. Specifically, the securities exchanges have indicated that their individual systems are prepared to convert to decimal pricing by July 3, 2000.[7] The NASD has also asserted that Nasdaq has sufficient capacity to implement decimal pricing for exchange-listed securities (*i.e.* the third market) by September 4, 2000,[8] with full implementation of decimal pricing by March 31, 2001.[9] Two electronic communications networks stated that they are prepared for decimals, and that trading exchange-listed securities in decimals should not be delayed because of Nasdaq's inability to meet the July 3rd target date.[10]

The vast majority of the Participants and securities firms, however, believe that it would not be advisable to implement widespread trading of exchange-listed securities in decimals while trading of Nasdaq securities remains in fractions, due to concerns about investor confusion and systems implications.[11]

On April 6, 2000, Chairman Levitt received a letter from Congressmen Thomas Bliley, Michael Oxley, and Edward Markey, urging the Commission to order the markets to begin decimal pricing in all exchange-listed securities by September 4, 2000,[12] even though Nasdaq securities would continue to be quoted in fractions.

In response to the changed circumstances resulting from the NASD's announcement, the Commerce Committee Letter, and industry comments, the Commission is soliciting public comment on two alternative proposals. First, the Commission requests comment on beginning trading in all exchange-listed securities in decimals (in nickel or penny increments) by September 4, 2000. Second, if commenters believe that this implementation date for full decimalization of exchange-listed securities is not feasible, the Commission requests comment on phasing in decimal pricing in certain exchange-listed securities on a pilot basis (''Decimals Pilot''). The Decimals Pilot could begin by September 4, 2000, and would initially include a small number of exchange-listed securities, and options on those securities, selected by the Participants. The selected exchange-listed securities could be quoted on increments of a penny. The Decimals Pilot would expand to all listed stocks on March 31, 2001, at which time all exchange-listed securities and options on those securities would be traded in decimals. Nasdaq may add selected Nasdaq securities to the Decimals Pilot if it is feasible and would not delay Nasdaq's overall readiness for decimals. In any event, the Commission fully expects Nasdaq to be ready to initiate decimal pricing in Nasdaq securities by the termination of the Decimals Pilot on March 31, 2001.

II. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning both of the proposals discussed above. In particular, the Commission seeks comment on the following issues, particularly as they relate to the feasibility of simultaneously pricing exchange-listed securities in decimals and Nasdaq securities in fractions (''Dual Pricing''):

1. Is it feasible to begin Dual Pricing by September 4, 2000? If it is feasible, should trading in all exchange-listed securities be in nickel or penny increments? If it is not feasible to begin Dual Pricing by September 4, 2000, why not?

2. What, if any, systems changes or other steps would be necessary to implement Dual Pricing by this

resources and the attention of senior management to the conversion to decimal pricing. The Commission is monitoring Nasdaq's efforts closely.

[5] The two earliest deadlines set by the Decimals Order required the Participants to submit jointly by March 13, 2000 a decimals implementation plan, and each Participant to submit by March 28, 2000 proposed rule changes necessary to implement the decimals implementation plan. These deadlines were extended (to April 14, 2000 and April 28, 2000, respectively) as a result of the NASD announcing that it would be unable to begin implementing decimal pricing on July 3, 2000. *See* Extension Order, *supra* note 2.

[6] For example, Chairman Levitt recently wrote to each Participant asking for their views regarding, in part, the feasibility and advisability of trading simultaneously exchange-listed securities in decimals and Nasdaq securities in fractions, *See* Letter from Arthur Levitt, Chairman, Commission, to Participants, dated March 10, 2000.

[7] *See* Letters to Arthur Levitt, Chairman, Commission, from Richard A. Grasso, Chairman and Chief Executive Officer, NYSE, dated March 22, 2000; Philip D. DeFeo, Chairman and Chief Executive Officer, PCX, dated March 21, 2000; Charles J. Henry, President and Chief Operating Officer, CBOE, dated March 21, 2000; David Krell, President and Chief Executive Officer, ISE, dated March 21, 2000; William G. Morton, Jr., Chairman and Chief Executive Officer, BSE, dated March 21, 2000; Salvatore F. Sodano, Chairman and Chief Executive Officer, AMEX, dated March 21, 2000; Robert H. Forney, President and Chief Executive Officer, CHX, dated March 20, 2000; Meyer S. Frucher, Chairman and Chief Executive Officer, PHLX, dated March 20, 2000; and David Colker, President and Chief Operating Officer, CSE, dated March 17, 2000 (''March 2000 Letters to Arthur Levitt'').

[8] *See* Letter from Richard Ketchum, President, NASD, to Annette Nazareth, Director, Division of Market Regulation (''Division''), and Robert L.D. Colby, Deputy Director, Division, Commission, dated April 12, 2000.

[9] *Id.*

[10] *See* Letter from Douglas Atkin, President and Chief Executive Officer, Instinet Corporation, to Annette Nazareth, Director, Division, Commission, dated March 21, 2000; *see also* Letter from Cameron Smith, General Counsel, Island ECN, to Annette Nazareth, Director, Commission, dated April 10, 2000

[11] The Participants also noted that systems and applications software would have to be modified to handle a mix of decimal and fractional prices for a large number of securities over an extended period of time. *See* March 2000 Letters to Arthur Levitt, *supra* note 7. Order receiving, routing and processing systems at brokerage firms and service bureaus would have to create and maintain a table containing price formats for each security to perform price format checking. *Id.* The Participants and securities firms were generally concerned that bifurcating the markets without systems changes and testing could increase error and corresponding rejection rates. *Id.*

[12] *See* Letter from Chairman Thomas Bliley, Committee on Commerce, U.S. House of Representatives; Chairman Michael G. Oxley, Subcommittee on Finance and Hazardous Materials, U.S. House of Representatives; and Congressman Edward J. Markey, Ranking Member, Subcommittee on Telecommunications, Trade, and Consumer Protection, U.S. House of Representatives; to Arthur Levitt, Chairman, Commission, dated April 4, 2000 (''Commerce Committee Letter'').

September 4, 2000 deadline? What type of changes would need to be made to the systems of securities firms, investment companies, and vendors? What would be the impact on systems capacity? In light of your answers to the foregoing questions, what changes would need to be made to the current decimals testing schedule?

3. Is the risk of customer confusion because of Dual Pricing Significant, and if so, how should it be addressed?

4. If commenters believe that implementing Dual Pricing by September 4, 2000 is not feasible, what date(s) is(are) feasible to implement Dual Pricing? Commenters should include a discussion of the systems changes and testing schedules that would be needed for their alternative implementation date(s).

5. In addition, if commenters believe that implementing Dual Pricing by September 4, 2000 is not feasible, is the alternative Decimals Pilot proposal feasible or preferable? If commenters believe that the Decimals Pilot is feasible, what, if any, systems changes or other steps would be necessary to facilitate this schedule? In particular, what changes would need to be made to the current decimals testing schedule? What type of changes would need to be made to the systems of securities firms, investment companies, and vendors? What would be the impact on systems capacity? Is there a risk of customer confusion, and if so, how should it be addressed?

6. If commenters believe that the Decimals Pilot is not feasible, what alternative would expedite the implementation of decimal pricing in exchange-listed and Nasdaq securities? Commenters should include a discussion of the systems changes and testing schedules that would be needed for their alternative, including implementation date(s).

7. Commenters are requested to offer specific views on the optional schedule for implementing decimal pricing in options based on exchange-listed and Nasdaq stocks subject to decimal pricing.

Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549–0609. Comments also may be submitted electronically at the following E-mail address: *rule-comments@sec.gov*. All submissions should refer to File No. 4–430 and should be submitted by May 10, 2000. Comment letters received will be available for public inspection and copying in the Commission's Public Reference Room. Electronically submitted comment letters will be posted on the Commission's Internet web site (http://ww.sec.gov).

III. Conclusion

Because Nasdaq is unable to meet the implementation schedules set forth in the Decimals Order and the Commission is seeking comments on alternative proposals for implementing decimal pricing, the Commission believes that it is in the public interest in maintaining fair and orderly markets and to protect investors to suspend the deadlines in the Decimal Order and the Extension Order.

Accordingly, it is hereby ordered that all deadlines in the Decimals Order and the Extension Order be suspended. After reviewing any comments received, the Commission intends to issue an order for the implementation of decimal pricing.

It is hereby further ordered that the Participants continue to discuss the implementation of decimal pricing collectively and with interested market participants, and work together and with others in developing an implementation plan in anticipation of decimal pricing. The Decimals Order directed the Participants to act jointly in discussing a plan to implement decimal pricing in the equities and options markets, and to discuss that plan with other interested market participants. While this order suspends all deadlines in the Decimals Order, the Order otherwise remains in effect.

By the Commission.

Jonathan G. Katz,

Secretary.

[FR Doc. 00–9789 Filed 4–18–00; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–42668, File No. 4–431]

Program for Allocation of Regulatory Responsibilities Pursuant to Rule 17d–2; Notice of Filing of the Plan for Allocation of Regulatory Responsibilities Between the International Securities Exchange LLC and the National Association of Securities Dealers, Inc.

April 11, 2000.

Pursuant to section 17(d) of the Securities Exchange Act of 1934 (''Act''),[1] Rule 17d–2 thereunder,[2] notice is hereby given that on April 3, 2000, the International Securities Exchange LLC (''ISE'') and the National Association of Securities Dealers, Inc. (''NASD'' or ''Association'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'' a plan for the allocation of regulatory responsibilities.

I. Introduction

Section 19(g)(1) of the Act[3] among other things, require every national securities exchange and registered securities association (''SRO'') to examine for, and enforce compliance by, its members and persons associated with its members with the Act, the rules and regulations thereunder, and the SRO's own rules, unless the SRO is relieved of this responsibility pursuant to section 17(d) or 19(g)(2)[4] of the Act. Without this relief, the statutory obligation of each individual SRO could result in a pattern of multiple examinations of broker-dealers that maintain memberships in more than one SRO (''common members''). This regulatory duplication would add unnecessary expenses for common members and their SROs.

Section 17(d)(1) of the Act was intended, in part, to eliminate unnecessary multiple examinations and regulatory duplication.[5] With respect to a common member. Section 17(d)(1) authorizes the Commission, by rule or order, to relieve an SRO of the responsibility to receive regulatory reports, to examine for and enforce compliance with applicable statutes, rules and regulations, or to perform other specified regulatory functions.

To implement Section 17(d)(1), the Commission adopted two rules: Rule 17d–1 and Rule 17d–2 under the Act.[6] Rule 17d–1, adopted on April 20, 1976,[7] authorizes the Commission to name a single SRO as the designated examining authority (''DEA'') to examine common members for compliance with the financial responsibility requirements imposed by the Act, or by Commission or SRO rules. When an SRO has been named as a common member's DEA, all other SROs to which the common member belongs are relieved of the responsibility to examine the firm for compliance with applicable financial responsibility rules.

On its face, Rule 17d–1 deals only with an SRO's obligations to enforce

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[1] 15 U.S.C. 78q(d).

[2] 17 CFR 240.17d–2.

[3] 15 U.S.C. 78s(g)(1).

[4] 15 U.S.C. 78s(g)(2).

[5] Securities Acts Amendments of 1975, Report of the Senate Committee on Banking, Housing, and Urban Affairs to Accompany S. 249, S. Rep. No. 94–75, 94th Cong., 1st Session. 32 (1975).

[6] 17 CFR 240.17d–1 and 17 CFR 240.17d–2.

[7] Securities Exchange Act Release No. 12352 (April 20, 1976), 41 FR 18809 (May 3, 1976).