

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 NASD. All submissions should refer to File No. SR-NASD-00-25 and should be submitted by May 26, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**Jonathan G. Katz,**  
*Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42727; File No. SR-NYSE-00-09]

### Self-Regulatory Organizations; Order Granting Accelerated Approval of Proposed Rule Change by the New York Stock Exchange, Inc. Amending Exchange Rule 123B

April 27, 2000.

#### I. Introduction

On February 28, 2000, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission", pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend Exchange Rule 123B. The proposed rule change was published for comment in the **Federal Register** on March 31, 2000. The Commission has received no comments on the proposal. This order grants accelerated approval to the proposed rule change.

#### II. Description of the Proposal

The Exchange seeks permanent approval of a pilot program that two amendments to Exchange Rule 123B. The first amendment to Rule 123B provides for the commission-free execution of all orders received by Exchange specialists through the SuperDOT system if such orders are executed within five minutes. The Exchange instituted the pricing initiative of commission-free executions beginning with trades executed on December 29, 1999.

A second amendment added language to Rule 123B to clarify that if an order

that had been placed with the specialist is canceled and replaced, the replacement order is considered a new order for purposes of the Rule. Since the implementation of the pilot program, the Exchange is not aware of any problems associated with the program.

The Exchange is now proposing to make the pilot program with respect to commission-free executions and cancelled/replaced orders permanent.<sup>3</sup> The Exchange believes that the pilot program is operating successfully and requests permanent approval of the proposed rule change.<sup>4</sup>

#### III. Discussion

The Commission finds that the proposed rule change relating to commission-free executions and cancelled/replaced orders is consistent with the requirements of the Act. In particular, the Commission finds the proposal is consistent with Section 6(b)(5)<sup>5</sup> which requires, among other things, that the rules of an exchange be designed to promote just and equitable principles of trade, 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. The proposed rule change is also consistent with Section 11A(a)(1)(C)<sup>6</sup> of the Act which states that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure, among other things, economically efficient execution of securities transactions, and fair competition among brokers and dealers, among exchange markets, and between exchange markets and markets other than exchanges.

<sup>3</sup> The Commission notes that it approved these two amendments to Exchange Rule 123B on a pilot basis on November 30, 1999. See Exchange Act Release No. 42184 (November 30, 1999), 64 FR 68710 (December 8, 1999), File No. SR-NYSE-99-40. A third amendment to Exchange Rule 123B relating to execution reports of stopped orders was also proposed and approved by the Commission. However, the Exchange decided not to implement this third amendment due to capacity and resource limitations. See letter from James E. Buck, Senior Vice President and Secretary, Exchange, to Richard Stasser, Assistant Director, Division of Market Regulation, Commission, dated February 25, 2000. In this proposed rule change, the Commission provided notice of the modified pilot program instituting only two out of the three amendments originally proposed in SR-NYSE-99-40.

<sup>4</sup> On March 22, 2000, the Commission also approved on an accelerated basis the Exchange's request to extend the pilot program relating to commission-free executions and cancelled/replaced orders until April 26, 2000. See Exchange Act Release No. 42694 (April 17, 2000), 65 FR 24245 (April 25, 2000), File No. SR-NYSE-00-13.

<sup>5</sup> 15 U.S.C. 78f(b)(5).

<sup>6</sup> 15 U.S.C. 78k-1(a)(1)(C).

The proposed rule change eliminating commissions on orders received through the SuperDOT system that are executed within a timely fashion furthers the Exchange's ability to compete effectively for order flow from other marketplaces. Competition between and among markets drives market intermediaries to provide more efficient services which, in turn, promotes a free and open market and benefits investors and the public interest. Investors and the public interest may also benefit from the accompanying reduction in transaction costs.<sup>7</sup>

The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing in the **Federal Register**. In addition to the reasons noted above, the Exchange has stated that the program is operating without problems. Because the pilot approval expires on April 26, 2000, accelerated approval of this filing will permit the Exchange to continue its program for commission-free execution of orders received through SuperDOT permanently and without interruption, and will resolve the treatment of cancelled and replaced orders.

#### IV. Conclusion

*It Is Therefore Ordered*, pursuant to 19(b)(2) of the Act,<sup>8</sup> that the proposed rule change (SR-NYSE-00-09) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>9</sup>

**Jonathan G. Katz,**  
*Secretary.*

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## DEPARTMENT OF STATE

[Public Notice Number 3280]

### International Telecommunication Advisory Committee Radiocommunications (ITAC-R); Notice of Meeting

The International Telecommunications Advisory Committee—Radiocommunications provides policy and technical advice to the department on matters concerning radiocommunication in preparation for United States participation in international meetings and conferences.

<sup>7</sup> In approving this rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>8</sup> 15 U.S.C. 78s(b)(2).

<sup>9</sup> 17 CFR 200.30-3(a)(12).

<sup>8</sup> 17 CFR 200.30-3(a)(12).

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

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