

It is important to stress that implementation of the 100 Spoke RAES Wheel will have no effect on the prices offered to customers. Under CBOE Rule 6.8(a)(ii), RAES automatically provides to each retail customer order its execution price, generally determined by the prevailing market quote at the time of the order's entry into the system. The 100 Spoke RAES Wheel merely provides for a different contract allocation system than currently exists for automatic execution of small retail orders.

#### C. Pilot Program

The Commission is approving this proposal on a nine-month pilot basis, through February 28, 2001. As indicated above, the Commission anticipates that the 100 Spoke RAES Wheel will encourage market makers to compete effectively for order flow in the trading crowds, thus benefiting investors and serving the public interest. The Commission, however, intends to review the Exchange's experience with the 100 Spoke RAES Wheel during the course of the pilot program.

#### IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>19</sup> that the proposed rule change (SR-CBOE-99-40) is approved on a pilot basis, through February 28, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>20</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42907; File No. SR-NASD-00-32]

#### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Nasdaq's Transaction Credit Pilot Program

June 7, 2000.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 6, 2000, the National Association of Securities Dealers, Inc. ("NASD"

"Association"), through its wholly owned subsidiary The Nasdaq Stock Market, Inc. ("Nasdaq"), 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 Nasdaq. Nasdaq has designated this proposal as one establishing or changing a due, fee, or other charge imposed by the Association under Section 19(b)(3)(A)(ii) of the Act,<sup>3</sup> which renders the proposal effective upon filing with the Commission. 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

Nasdaq proposes to amend NASD Rule 7010, System Services, to extend Nasdaq's transaction credit pilot program for an additional six months for Tape A reports, and reinstate for nine months the pilot for Tape B reports. The text of the proposed rule change is below. Proposed new language is in italics. Proposed deletions are in brackets.

\* \* \* \* \*

#### 7010 System Services

(a)-(b) No Change

(c)

(1) No Change

(2) Exchange-Listed Securities Transaction Credit. For a pilot period, qualified NASD members that trade securities listed on the NYSE and Amex in over-the-counter transactions reported by the NASD to the Consolidated Tape Association may receive from the NASD transactions credits based on the number of trades so reported. To qualify for the credit with respect to Tape A reports, an NASD member must account for 500 or more average daily Tape A reports of over-the-counter transactions as reported to the Consolidated Tape during the concurrent calendar quarter. *To qualify for the credit with respect to Tape B reports, an NASD member must account for 500 or more average daily Tape B reports of over-the-counter transactions as reported to the Consolidated Tape during the concurrent calendar quarter.* If an NASD member is so qualified to earn credits based *either* on its Tape A activity, *or its Tape B activity, or both*, that member may earn credits from *one or both pools* [the Tape A pool] maintained by the NASD, *each* [such] pool representing 40% of the revenue paid by the Consolidated Tape Association to the NASD *for each of Tape A and Tape B* transactions. A qualified NASD member may earn credits from *the pools* [the Tape A pool] according to the member's pro rata share of the NASD's over-the-counter trade reports in *each of* Tape A

*and Tape B* for each calendar quarter starting with [January 1, 2000, and ending with the calendar quarter starting on April 1, 2000] *July 1, 2000 for Tape A reports (April 1, 2000 for Tape B reports) and ending with the calendar quarter starting on October 1, 2000.*

\* \* \* \* \*

#### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, Nasdaq 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. Nasdaq 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

Nasdaq proposes to extend until December 31, 2000, its pilot program to provide a transaction credit<sup>4</sup> to NASD members that exceed certain levels of trading activity in exchange-listed securities. Nasdaq proposes to extend by six months the pilot for over-the-counter ("OTC") trades in securities listed on the New York Stock Exchange ("NYSE") (*i.e.*, from July 1, 2000 to December 31, 2000) and re-institute and extend by nine months the pilot for OTC trades in securities listed on the American Stock Exchange ("Amex") (*i.e.* from April 1, 2000 to December 31, 2000). The NASD established its transaction credit pilot to find ways to lower investor costs associated with trading listed securities, and to respond to steps taken by other exchanges that compete with Nasdaq for investor order flow in those issues.

Nasdaq's Third Market is a quotation, communication, and execution system that allows NASD members to trade stocks listed on the NYSE and the Amex. The Third Market competes with regional exchanges like the Chicago Stock Exchange ("CHX") and the Cincinnati Stock Exchange ("CSE") for retail order flow in stocks listed on the NYSE and Amex. The NASD collects quotations from broker-dealers that trade these securities OTC and provides such quotations to the Consolidated Quotation System for dissemination.

<sup>4</sup> The transaction credit can be applied to any and all changes imposed by the NASD or its non-self-regulatory organization affiliates. Any remaining balance may be paid directly to the member.

<sup>19</sup> 15 U.S.C. 78s(b)(2).

<sup>20</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.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

Additionally, the NASD collects trade reports from broker-dealers trading these securities in the OTC market and provides the trade reports to the Consolidated Tape Association ("CTA") for inclusion in the Consolidated Tape. As a participant in the CTA, the NASD earns a share of those broker-dealers' revenue from trades that it reports in NYSE-listed securities ("Tape A") and in Amex-listed securities ("Tape B"). It is from the NASD's share of these revenues that Nasdaq created the credit pools for qualified pilot participants.

Nasdaq's original transaction credit pilot program and its subsequent extensions,<sup>5</sup> including this proposal, are intended to lower costs for Third Market makers and their customers who execute trades in exchange-listed stocks through NASD members and Nasdaq facilities. The NASD believes that lowering the cost of trading increases competition among market centers trading listed securities. Continuation of the pilot also will allow Nasdaq to continue to evaluate the efficacy of its revenue sharing model and continue to effectively complete for the retention of Third Market participants with other regional exchanges that have adopted similar revenue distribution methodologies.<sup>6</sup>

Under the original transaction credit pilot program, Nasdaq calculates two separate pools of revenue from which credits can be earned—one representing 40% of the gross revenues received by the NASD from the CTA for providing trade reports in NYSE-listed securities executed in the Third Market for Dissemination by CTA ("Tape A"), and the other representing 40% of the gross revenue received from the CTA for reporting Amex trades ("Tape B"). These revenue calculation pools will remain at the same 40% level during the pilot's extension.

Eligibility for transaction credits during the pilot's extension is based upon concurrent quarterly trading activity. For example, a Third Market participant that enters the market for Tape A or Tape B securities during the third quarter of 2000 and prints an average of 500 daily trades of Tape A or Tape B securities during the time it is in the market, or that averages 500 daily

Tape A or Tape B prints during the entire third quarter, would be eligible to receive transaction credits based on its trades during the third quarter. As in the original pilot, only those NASD members who continue to average an appropriate daily execution level during the term of the pilot's extension will become eligible for transaction credits and thus able to receive a pro-rata portion of the 40% revenue calculation pools.<sup>7</sup> The NASD chose to create these thresholds to permit the NASD to recover appropriate administrative costs related to NASD members that do not exceed the threshold and to provide an incentive for NASD members to actively trade in these securities.

As before, a fully qualifying NASD member's transaction credit will be determined by taking its percentage of total Third Market transactions during the applicable calculation period and providing an equivalent percentage from the appropriate Tape A or Tape B calculation pool. Thus, for calendar quarter commencing with the calendar quarter that begins on July 1, 2000 for Tape A trades (April 1, 2000 for Tape B trades), the NASD will measure a qualified member's trade reports for that calendar quarter in each of Tape A and Tape B and create a credit for that member based upon this activity. For example, should a qualifying NASD member's transactions represent 10% of the NASD's Tape A transactions, that member would receive a 10% share of the Tape A 40% calculation pool.

Nasdaq's transaction credit program is being proposed on a pilot basis only. There is no guarantee that transaction credits will be available to qualifying NASD members beyond the term of the pilot.

## 2. Statutory Basis

Nasdaq believes the proposed rule change is consistent with Section 15A(b)(6) of the Act<sup>8</sup> in that the proposal is designed to promote just and equitable principles of trade and to remove impediments to and perfect the mechanism of a national market system and, in general, to protect investors and the public interest. Nasdaq also believes the proposal is consistent with Section 15A(b)(5) of the Act<sup>9</sup> in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons

using any facility or system which the Association operates or controls.

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

Nasdaq 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

Written comments were neither solicited nor received.

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

The proposed rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>10</sup> and subparagraph (f)(2) of Rule 19b-4 thereunder,<sup>11</sup> because it establishes or changes a due, fee, or other charge imposed by the Association. 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.

## IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposal 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 NASD. All submissions should refer to file number

<sup>5</sup> See Securities Exchange Act Release Nos. 41174 (March 16, 1999), 64 FR 14034 (March 23, 1999) (SR-NASD-99-13); 42095 (November 3, 1999), 64 FR 61680 (November 12, 1999) (SR-NASD-99-59); and 42672 (April 12, 2000), 65 FR 21225 (April 20, 2000) SR-NASD-00-10).

<sup>6</sup> Both CHX and CSE have established similar programs. See Securities Exchange Act Release Nos. 38237 (February 4, 1997), 62 FR 6592 (February 12, 1997) (SR-CH-97-01) and 39395 (December 3, 1997), 62 FR 65113 (December 10, 1997) (SR-CSE-97-12).

<sup>7</sup> As explained in SR-NASD-99-13, the qualification thresholds were selected based on Nasdaq's belief that such numbers represent clear examples of a member's commitment to operating in the Third Market and competing for order flow.

<sup>8</sup> 15 U.S.C. 78o-3(b)(6).

<sup>9</sup> 15 U.S.C. 78o-3(b)(5).

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>11</sup> 17 CFR 240.19b-4(f)(2).

SR-NASD-00-32 and should be submitted by July 5, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 00-14930 Filed 6-13-00; 8:45 am]

**BILLING CODE 8010-01-M**

## DEPARTMENT OF STATE

[Public Notice 3336]

### Office of Visa Services

**AGENCY:** Department of State.

**ACTION:** 60-Day Notice of Proposed Information Collection; Choice of Address and Agent for U.S. Department of State Immigrant Visa Applicants.

**SUMMARY:** The Department of State is seeking Office of Management and Budget (OMB) approval for the information collection described below. The purpose of this notice is to allow 60 days for public comment in the **Federal Register** preceding submission to OMB. This process is conducted in accordance with the Paperwork Reduction Act of 1995.

The following summarizes the information collection proposal submitted to OMB:

*Type of Request:* New Information Collection.

*Originating Office:* Bureau of Consular Affairs, Department of State.

*Title of Information Collection:* Choice of Address and Agent for U.S. Department of State Immigrant Visa Applicants.

*Frequency:* Once.

*Respondents:* All immigrant visa principal applicants.

*Estimated Number of Respondents:* 350,000.

*Average Hours Per Response:* 0.5 hours.

*Total Estimated Burden:* 175,000 hours.

Public comments are being solicited to permit the agency to:

- Evaluate whether the proposed information collection is necessary for the proper performance of the functions of the agency.
- Evaluate the accuracy of the agency's estimate of the burden of the proposed collection, including the validity of the methodology and assumptions used.
- Enhance the quality, utility, and clarity of the information to be collected.

- Minimize the reporting burden on those who are to respond, including through the use of automated collection techniques or other forms of technology.

**FOR FURTHER INFORMATION CONTACT:**

Public comments, or requests for additional information, regarding the collection listed in this notice should be directed to Guyle Cavin, 2401 E St., NW, RM L-703, Tel: 202-663-1175, U.S. Department of State, Washington, DC 20520.

Dated: April 14, 2000.

**Nancy Sambaiew,**

*Deputy Assistant Secretary of State for Visa Services, Bureau of Consular Affairs.*

[FR Doc. 00-15024 Filed 6-13-00; 8:45 am]

**BILLING CODE 4710-06-P**

## DEPARTMENT OF STATE

[Public Notice No: 3325]

### Advisory Committee on Historical Diplomatic Documentation; Notice of Meeting

The Advisory Committee on Historical Diplomatic Documentation will meet in the Department of State, 2201 "C" Street NW, Washington, DC, July 10-11, 2000, in Conference Room 1205. Prior notification and a valid photo are mandatory for entrance into the building. One week before the meeting, members of the public planning to attend must notify Gloria Walker, Office of Historian (202-663-1124) providing relevant dates of birth, Social Security numbers, and telephone numbers.

The Committee will meet in open session from 1:30 p.m. through 4:30 p.m. on Monday, July 10, 2000, to discuss the implementation of Executive Order 12958 with respect to Department of State records, the declassification and transfer of Department of State electronic records to the National Archives and Records Administration, and the modernization of the Foreign Relations series. The remainder of the Committee's sessions from 9:00 a.m. until 5:00 p.m. on Tuesday, July 11, 2000, will be closed in accordance with Section 10(d) of the Federal Advisory Committee Act (Pub. L. 92-463). The agenda calls for discussions involving consideration of matters not subject to public disclosure under 5 U.S.C. 552b(c)(1), and that the public interest requires that such activities be withheld from disclosure.

Questions concerning the meeting should be directed to William Slany, Executive Secretary, Advisory Committee on Historical Diplomatic Documentation, Department of State,

Office of the Historian, Washington, DC, 20520, telephone (202) 663-1123, (e-mail [history@state.gov](mailto:history@state.gov)).

Dated: May 31, 2000.

**William Slany,**

*Executive Secretary, Advisory Committee on Historical Diplomatic Documentation, U.S. Department of State.*

[FR Doc. 00-15023 Filed 6-13-00; 8:45 am]

**BILLING CODE 4710-11-P**

## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### Aviation Rulemaking Advisory Committee; Air Carrier Operations Issues—New Task

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Notice of new task assignment for the Aviation Rulemaking Advisory Committee (ARAC).

**SUMMARY:** Notice is given of a new task assigned to and accepted by the Aviation Rulemaking Advisory Committee (ARAC). This notice informs the public of the activities of ARAC.

**FOR FURTHER INFORMATION CONTACT:** Eric Van Opstal, Federal Aviation Administration (AFS-200), 800 Independence Avenue, SW., Washington, DC 20591; phone (202) 267-3774; fax (202) 267-5229.

**SUPPLEMENTARY INFORMATION:**

#### Background

The FAA has established an Aviation Rulemaking Advisory Committee to provide advice and recommendations to the FAA Administrator, through the Associated Administrator for Regulation and Certification, on the full range of the FAA's rulemaking activities with respect to aviation-related issues. One area ARAC deals with is air carrier operations issues. These issues involve the operational requirements for air carriers, including crewmember requirements, airplane operating performance and limitations, and equipment requirements.

#### The Task

This notice informs the public that the FAA has asked ARAC to provide advice and recommendation on the following task:

*Extended Range Operations with Two-Engine Aircraft (ETOPS)*

1. Review the existing policy and requirements found in Advisory Circular (AC) 120-42A, applicable ETOPS special conditions, and policy memorandums and notices, for

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