

DTC and to the industry. DTC will eliminate the shipping cost, insurance cost, and risk associated with shipping these certificates via commercial couriers from DTC to the redemption agent. In addition, DTC's destruction of the matured BEO certificates will provide the industry with economies of scale for destruction and recordkeeping related to matured BEO certificates.

DTC believes that the proposed rule change is consistent with the requirements of Section 17A(b)(3)(A) of the Act and the rules and regulations thereunder applicable to DTC in that it promotes the safeguarding of securities and funds in DTC's custody or control or for which it is responsible.

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

DTC 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, in the public interest, and for the protection of investors.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

DTC has discussed this rule change proposal in its current form orally with various DTC participants and transfer agents. A number of those consulted have expressed interest in the proposed service.

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

Within thirty-five days of the date of publication of this notice in the **Federal Register**, or within such longer period: (i) As the Commission may designate up to ninety days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which DTC consents, the Commission will:

(a) By order approve such proposed rule change or

(b) Institute proceedings to determine whether the proposed rule change should be disapproved.

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 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, 450 Fifth Street, NW, Washington, DC. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to the File No. SR-DTC-99-6 and should be submitted by July 6, 2000.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42911; File No. SR-GSCC-00-06]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Suspension of the Discount in Fee Structure

June 8, 2000.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on June 5, 2000, the Government Securities Clearing Corporation ("GSCC") 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 primarily by GSCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule filing suspends GSCC's discount for comparison and netting fees for buy-sell transactions.

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

In its filing with the Commission, GSCC 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. GSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.²

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

Recently, GSCC's Board and Management reviewed the results of a study of GSCC's fee structure, the fundamental part of which has remained unchanged since the inception of netting in 1989. In response to this review, GSCC has determined it appropriate to temporarily suspend its discount for comparison and netting fees for buy-sell transactions, effective as of July 3, 2000.

The current discount was implemented in 1995 and resulted in a 10 percent reduction in the fees charged to members for comparison and netting of their buy-sell transactions. At that time, GSCC was focusing its management and technological resources on the imminent introduction of comparison and netting services for repo transactions. Because those services are income-earning and self-funding, GSCC was in a position to effectively return to its members the surplus generated by its core services for buy-sell transactions. The Board of Directors had approved the discount in 1995 based on GSCC's financial strength and continued projections for profitability with the intent that the discount appropriateness be monitored and reassessed periodically.

Since 1995, GSCC has continued to steadily expand both the variety and scope of the services it provides to members. This trend will accelerate in 2000 and beyond as GSCC gradually moves to a real-time messaging, risk management, and settlement environment and achieves other important initiatives such as establishing cross-margining arrangements with multiple clearing organizations.

The determination to temporarily suspend the discount allows GSCC to

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified the text of the summaries prepared by GSCC.

position itself to ensure continued service enhancements and the achievement of various business initiatives without deterioration of its capital base. GSCC's costs to develop, implement, and support these new services will be considerable. For example, real-time messaging will involve extensive systems development as well as the costs associated with maintaining multiple input environments. Moreover, many of these services, such as the shift to real-time comparison and risk management, will, in and of themselves, not generate any additional revenues for GSCC.

Assuming that current net income levels are sustained, it is GSCC's intention to reinstate a discount methodology as a business incentive for members to move to real-time messaging. The reinstated discount would be applied to both buy-sell and repo transactions; currently, the discount lowers fees only for buy-sell transactions, which creates inequities in the manner in which it applies to members.

GSCC believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to GSCC and in particular with Section 17A(b)(3)(F) of the Act because it will permit GSCC to cover the high costs involved in providing its members with new and important services.

(B) Self-Regulatory Organization's Statement on Burden on Competition

GSCC does not believe that the proposed rule change will have an impact or impose a burden on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

Written comments relating to the proposed rule change have not yet been solicited or received. Members will be notified of the rule change filing, and comments will be solicited, by an Important Notice. GSCC will notify the Commission of any written comments received by GSCC.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii)³ of the Act and Rule 19b-4(f)(2)⁴ promulgated thereunder because the proposal establishes or

changes a due, fee, or other charge imposed by GSCC. At any time within sixty 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, 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 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 Section, 450 Fifth Street, NW, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of GSCC. All submission should refer to File No. SR-GSCC-00-06 and should be submitted by July 6, 2000.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42913; File No. SR-NYSE-00-18]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the New York Stock Exchange, Inc. Relating to NYSE Direct+, the Exchange's Automatic Execution Facility for Certain Limit Orders of 1099 Shares or Less

June 8, 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 May 1, 2000, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as 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 proposed rule change consists of new Exchange Rules 1000 through 1005 governing trading through NYSE Direct+™, a new Exchange facility to provide automatic execution of limit orders of a specified size. The proposed rule change also amends Exchange Rule 13 to define an "auto ex" order and Exchange Rule 476A to include proposed Rules 1000 through 1005 in the list of rules subject to summary fine procedures. The Exchange is also submitting for Commission approval interpretations of Exchange Rules 104, 123A.40, and 91, and it will request separately that the Commission issue the appropriate relief from Commission Rule 10a-1.³ The text of the proposed rule change is set forth below. All language is being added.

Rule 1000: Automatic Execution of Limit Orders Against Orders Reflected in NYSE Published Quotation

Only straight limit orders without tick restrictions are eligible for entry as auto ex orders. Auto ex orders to buy shall be priced at or above the price of the published NYSE offer. Auto ex orders to sell shall be priced at or below the price of the NYSE bid. An auto ex order shall receive an immediate, automatic execution against orders reflected in the Exchange's published quotation and shall be immediately reported as NYSE transactions, unless:

(i) The NYSE's published quotation is in the non-firm quote mode;

(ii) The NYSE's published quotation has been gapped for a brief period because of an influx of orders on one side of the market, and the NYSE's published quotation size is one hundred shares at the bid and/or offer;

(iii) With respect to a single-sided auto ex order, a better price exists in another ITS participating market center;

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.10a-1.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ 17 CFR 200.30-39A(12).