

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)<sup>3</sup> of the Act and Rule 19b-4(f)(2)<sup>4</sup> 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.<sup>5</sup>

**Margaret H. McFarland,**  
Deputy Secretary.

[FR Doc. 00-15088 Filed 6-14-00; 8:45 am]

**BILLING CODE 8010-01-M**

## **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"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> 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.<sup>3</sup> 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;

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

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

<sup>3</sup> 17 CFR 240.10a-1.

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

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

<sup>5</sup> 17 CFR 200.30-39A(12).

(iv) With respect to a single-sided auto ex order, the NYSE's published bid or offer is 100 shares;

(v) A transaction outside the NYSE's published bid or offer pursuant to Rule 127 is in the process of being completed, in which case the specialist should publish a 100-share bid and/or offer;

(vi) Trading in the subject security has been halted.

Auto ex orders that cannot be immediately executed shall be displayed as limit orders in the auction market.

Rule 1001: Execution of Auto Ex Orders

(a) Subject to Rule 1000, auto ex orders shall be executed automatically and immediately reported. The contra side of the execution shall be orders reflected in the Exchange's published quotation, as follows:

(i) The first contra side bid or offer at a particular price shall be entitled to time priority, but after a trade clears the Floor, all bids and offers at such price shall be on parity with each other;

(ii) All bids or offers on parity shall receive a split of executions in accordance with Rule 72;

(iii) The specialist shall be responsible for assigning the number of shares to each contra side bidder and offeror, as appropriate, in accordance with Rule 72, with respect to each automatic execution of an auto ex order;

(iv) The specialist shall be the contra party to any automatic execution of an auto ex order where interest reflected in the published quotation against which the auto ex order was executed is no longer available;

(v) A universal contra shall be reported as the contra to each automatic execution of an auto ex order.

(b) If the depth of the published bid or offer is not sufficient to fill an auto ex order in its entirety, the unfilled balance of the order shall be routed to the Floor and shall be displayed in the auction market.

(c) If at any time automatic executions of auto ex orders result in the execution of all trading interest reflected in the Exchange's published quotation at the bid or offer price, the Exchange shall disseminate a bid or offer at that price of 100 shares until the specialist re-quotes the market. Auto ex orders shall not be automatically executed against any 100 share bid or offer, whether a default bid or offer or otherwise, but shall be routed to the Floor and shall be displayed in the auction market. The specialist shall be the contra party to any auction market transaction at such default bid or offer price.

(d) No published bid or offer shall be entitled to claim precedence based on size with respect to executions against auto ex orders.

Rule 1002: Availability of Automatic Execution Feature

Orders designed as "auto ex" in a particular stock shall be eligible to receive an automatic execution if entered after the Exchange has disseminated a published bid or order in that stock until 3:59 p.m. or within one minute of any other closing time of the Exchange's floor market. Orders designated as "auto ex" in a particular stock that are entered prior to the dissemination of a bid or offer in that stock, or after 3:59 p.m. or within one minute of any other closing time, shall be displayed as limit orders in the auction market.

Rule 1003: Application of Tick Tests

If a transaction is being completed in the auction market, and an automatic execution involving auto ex orders is reported at a different price before the auction market transaction is reported, any tick test applicable to such auction market transaction shall be based on the last reported trade prior to such execution of auto ex orders.

Rule 1004: Election of Stop Orders and Percentage Orders

Automatic executions of auto ex orders shall elect stop orders and percentage orders electable at the price of such executions. Any stop orders so elected shall be executed pursuant to the Exchange's auction market procedures, and shall not be guaranteed an execution at the same price as subsequent automatic executions of auto ex orders.

Rule 1005: Orders May Not be Broken Into Smaller Amounts

Orders of greater than 1099 shares many not be broken up into smaller amounts for the purpose of receiving an automatic execution. An auto ex order for any account in which the same person is directly or indirectly interested may only be entered at intervals of no less than 30 seconds between entry of each such order.

Rule 13: Definitions of Orders

Auto Ex Order

An auto ex order is a limit order of 1099 shares or less priced at or above the Exchange's published offer (in the case of an order to buy) or at or below the Exchange's published bid (in the

case of an order to sell), which a member or member organization has entered for automatic execution in accordance with, and to the extent provided, by Exchange Rules 1000-1005.

List of Exchange Rule Violations and Fines Applicable Thereto Pursuant to Rule 476A

- Failure to adhere to procedures for automatic execution of orders under the NYSE Direct+™ facility (Rules 1000-1005)

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

In its filing with the Commission, the Exchange included statements concerning the purpose of, and bases 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. The Exchange 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

The purpose of the proposed rule change is to provide for the automatic execution of limit orders of 1099 shares or less ("auto ex" orders) against trading interest reflected in the Exchange's published quotation. It would not be mandatory that all limit orders of 1099 shares be entered as auto ex orders; rather, the member organization entering the order, or its customer if enable by the member organization, can choose to enter an auto ex order when such member organization (or customer) believes that the speed and certainty of an execution at the Exchange's published bid or offer price is in its customer's best interest. In such a case, the member organization would enter an auto ex order priced at or above the Exchange's published offer price (in the case of an auto ex order to buy), or an auto ex order priced at or below the Exchange's published bid price (in the case of an auto ex order to sell). The auto ex order would then receive an automatic execution without being exposed to the auction market, provided

the bid or offer is still available.<sup>4</sup> In any instance where, as specified in Rule 1000, the automatic execution feature is not available, the auto ex order will be entered for execution in the Exchange's auction market. Auto ex transactions would be identified on the Consolidated Tape with a unique identifier. The Exchange's published bid or offer would be automatically decremented to the extent of the size of the auto ex order to reflect the automatic execution. The contra side of the auto ex order execution would be the trading interest reflected in the Exchange's bid or offer, with such interest participating in the execution in accordance with the Exchange's auction market principles of priority and parity as codified in Exchange Rule 72.

Any member organization or a customer, if enabled by the member organization, that believed in any particular case that the customer's interests would be best served by affording the customer's order the opportunity for price improvement may enter a limit or market order by means of the SuperDOT system for representation in the auction market, rather than an auto ex order.

The Exchange's proposal would be implemented in a new series of rules, Rules 1000 through 1005 and a proposed amendment to Rule 13. In addition, to facilitate the Exchange's ability to induce compliance with proposed Rules 1000 through 1005, the Exchange is proposing to amend Exchange Rule 476A to include these rules in the list of rules subject to summary fine procedures.

The proposal would be implemented at the outset as a pilot program in a limited number of stocks prior to being made available in all stocks.<sup>5</sup>

#### Rule 13

The Exchange proposes to amend Rule 13 to define the term "auto ex order." An auto ex order is a limit order

<sup>4</sup> To be exposed or entered in the "Exchange's auction market" means that the order would be treated like orders received through the SuperDOT system. Phone call between Donald Siemer, Director, Market Surveillance, NYSE, Brian McNamara, Vice President, Market Surveillance, NYSE, Rebekah Liu, Special Counsel, Division of Market Regulation ("Division"), Commission, and Sonia Patton, Attorney, Division, Commission (June 7, 2000).

<sup>5</sup> The Exchange has discussed with Commission staff the possibility of limiting the duration of the pilot to a one year period. The Exchange has not determined which stocks will be eligible for automatic execution under the pilot. Phone call between Donald Siemer, Director, Market Surveillance, NYSE, Brian McNamara, Vice President, Market Surveillance, NYSE, Rebekah Liu, Special Counsel, Division, Commission, and Sonia Patton, Attorney, Division, Commission (June 7, 2000).

of 1099 shares or less priced at or above the Exchange's published offer (in the case of an order to buy) or at or below the Exchange's published bid (in the case of an order to sell) that will receive an automatic execution against the interest reflected in the published quotation, provided the size of the published quotation is greater than 100 shares. An auto ex order or any portion thereof that cannot be immediately executed shall be displayed as a limit order in the Exchange's auction market. The new rules provide as follows:

#### Rule 1000

Rule 1000 states the basic operative principles providing for automatic execution of limit orders of 1099 shares or less against the Exchange's published quotation. The Rule lists six instances in which the automatic feature would not be available due to market situations, lack of depth in the published quotation, or inappropriate pricing of the auto ex order, as follows:

(i) The NYSE's published quotation is non-firm (pursuant to Exchange Rule 60);

(ii) The NYSE's published quotation has been gapped (pursuant to the Exchange's usual procedures for such situations) for a brief period because of an influx of orders on one side of the market, and the Exchange's published quotation size is 100 shares at the bid and/or offer;

(iii) A better price exists in another Intermarket Trading System participating market center for a single-sided auto ex order;

(iv) The NYSE's published bid or offer is 100 shares (see Exchange Rule 1001(c));<sup>6</sup>

(v) A transaction outside the Exchange's published quotation pursuant to Exchange Rule 127 is in the process of being completed, in which case the specialist should publish a 100-share bid and/or offer; or

(vi) Trading in the subject security has been halted.

Rule 1000 provides that an auto ex order that cannot be immediately executed for any of the above reasons shall be automatically entered for execution in the Exchange's auction market.

<sup>6</sup> The situations discussed in subparagraphs (ii) and (v) of proposed Rule 1000 provide examples of instances where the Exchange's published bid or offer would be 100 shares. Phone call between Donald Siemer, Director, Market Surveillance, NYSE, Brian McNamara, Vice President, Market Surveillance, NYSE, Rebekah Liu, Special Counsel, Division, Commission, and Sonia Patton, Attorney, Division, Commission (June 7, 2000).

#### Rule 1001

Rule 1001(a) provides that the contra side of an auto ex execution will be trading interest reflected in the Exchange's published quotation, consistent with the principles of priority and parity as codified in Exchange Rule 72.

Rule 1001(a) also provides that it shall be the specialist's responsibility, after receiving a report that an auto ex order has been executed, to assign the appropriate number of shares to each bidder or offeror, consistent with the principles of Exchange Rule 72, with a universal contra being reported as the contra to each auto ex execution. Rule 1001(a) also provides that the specialist shall take the contra side of an auto ex execution where the interest in the published quotation against which the auto ex order was executed is no longer available.

Rule 1001(b) provides that if the published bid or offer is not of sufficient depth to fill an auto ex order in its entirety, the unfilled balance of the order shall be displayed in the auction market.

Rule 1001(c) provides that if executions of auto ex orders have traded with all trading interest reflected in the Exchange's published bid or offer, the Exchange will disseminate a bid or offer at that price of 100 shares until the specialist requotes that market. Auto ex orders will not receive an automatic execution against any 100 share bid or offer, whether a default bid or offer or otherwise, but rather will be displayed in the auction market. Rule 1001(c) provides that the specialist shall be the contra party to any auction market interest seeking to trade against the 100 share default bid or offer.

Rule 1001(d) provides that the concept of precedence based on size, which is codified in Exchange Rule 72, shall not apply with respect to the contra side of an auto ex execution, with such contra side interest being assigned, as noted above, in accordance with the principles of priority and parity in Rule 72.

#### Rule 1002

Rule 1002 provides that auto ex orders may be entered on any day in a particular stock from the time the Exchange has published a bid or offer in that stock until 3:59 p.m., at which time the specialist is preparing the closing transaction in the security. If orders designated as auto ex are entered before a quote is published or after 3:59 p.m., the orders will be treated as limit orders in the auction market.

### Rule 1003

Rule 1003 provides that if a transaction is being completed in the auction market, and an execution involving auto ex orders is reported at a different price before the auction market transaction is reported, any tick test applicable to the auction market transaction shall be based on the last reported trade prior to the execution of the auto ex order.

For example, assume the Exchange's published quotation is 20 bid for 5000 shares, with 5000 shares offered at 20 and  $\frac{2}{16}$ . The last reported sale is 20 and  $\frac{1}{16}$ , which is a plus tick. A broker in the crowd bids 20 and  $\frac{1}{16}$  for 5000 shares, and another broker, representing a short sale order, agrees to trade at the 20 and  $\frac{1}{16}$  bid price. Before the trade at 20 and  $\frac{1}{16}$  is reported, an auto ex order to buy is automatically executed at the 20 and  $\frac{2}{16}$  published offer price, making the trade at 20 and  $\frac{1}{16}$  a minus tick, which would preclude execution of the order to sell short. Rule 1003 provides that in this instance, the short sale tick test would be based on the last reported sale of 20 and  $\frac{1}{16}$ , a plus tick, at the time the crowd brokers agreed to trade.<sup>7</sup>

### Rule 1004

Rule 1004 provides that executions of auto ex orders shall elect stop orders<sup>8</sup> and percentage orders electable at the price of such executions. The rule also provides that stop orders so elected shall be executed pursuant to Exchange's auction market procedures, and shall not be guaranteed executions at the prices of subsequent auto ex executions.

### Rule 1005

Rule 1005 provides that orders of greater than 1099 shares may not be broken down into smaller orders in order to receive an automatic execution. The rule also provides that auto ex orders for the same customer may be

<sup>7</sup> Commission staff notes that proposed Rule 1003 does not comply with Commission Rule 10a-1 under the Act or Exchange Rule 440B. Accordingly, the Exchange is submitting to the Commission under separate cover a request for appropriate relief from Commission Rule 10a-1. Phone call between Donald Siemer, Director, Market Surveillance, NYSE, Brian McNamara, Vice President, Market Surveillance, NYSE, Rebekah Liu, Special Counsel, Division, Commission, Sonia Patton, Attorney, Division, Commission, and Mike Trocchio, Attorney, Division, Commission (June 7, 2000).

<sup>8</sup> Although the text of proposed Rule 1004 refers only to stop orders, the Exchange has indicated that they also intend to apply the provisions of the rule to stop limit orders. Phone call between Donald Siemer, Director, Market Surveillance, NYSE, Brian McNamara, Vice President, Market Surveillance, NYSE, Rebekah Liu, Special Counsel, Division, Commission, and Sonia Patton, Attorney, Division, Commission (June 7, 2000).

entered at time intervals of no less than 30 seconds between entry of each such order.<sup>9</sup>

### Rule 476A

The Exchange is also proposing to add Rules 1000 through 1005, which implement the Exchange's NYSE Direct+™ facility, to the List of Rules subject to imposition of fines under Rule 476A for minor violations of Exchange rules. Rule 476A provides that the Exchange may impose a fine, not to exceed \$5,000, or any member, member organization, allied member, approved person, or registered or non-registered employee of a member or member organization for a minor violation of certain specified Exchange rules.

The purpose for the proposed rule change to Rule 476A is to facilitate the Exchange's ability to induce compliance with all aspects of Rules 1000 through 1005. The Exchange believes failure to comply with the requirements of these rules and procedures should be addressed with an appropriate sanction and seeks Commission approval to add violations of these requirements to the Rule 476A List so as to have a broad range of regulatory responses available. The Exchange believes that this would more effectively encourage compliance by enabling a prompt, meaningful and heightened regulatory response (e.g., the issuance of a fine rather than a cautionary letter) to a minor violation of these rules.

The Exchange wishes to emphasize the importance it places upon compliance with Rules 1000 through 1005. While the Exchange, upon investigation, may determine that a violation of any of these rules is a minor violation of the type which is properly addressed by the procedures adopted under Rule 476A, in those instances where investigation reveals a more serious violation, the Exchange will provide an appropriate regulatory response. This includes the full disciplinary procedures available under Rule 476.

### Interpretive Issues

The Exchange is also submitting herein for Commission approval the following interpretations of several NYSE rules, and will submit under separate cover a request for the appropriate relief from Commission

<sup>9</sup> This 30 second time frame applies on a per stock basis (i.e., a single customer may enter multiple orders for different stocks, in intervals of less than 30 seconds). Phone call between Donald Siemer, Director, Market Surveillance, NYSE, Brian McNamara, Vice President, Market Surveillance, NYSE, Rebekah Liu, Special Counsel, Division, Commission, and Sonia Patton, Attorney, Division, Commission (June 7, 2000).

Rule 10a-1.<sup>10</sup> These matters concern situations pursuant to proposed Rule 1001(a)(iv) where the specialist may be required to take the contra side of an auto ex execution against the published quotation, even though the specialist's interest was not part of such quotation. For example, the published quotation may reflect the interest of a broker in the crowd whose interest is then executed in an auction market transaction. Before the published quotation can be updated to reflect the execution in the auction market, an auto ex order is executed against such quotation. In such instance, the specialist would be required to take the contra side of the auto ex execution. In other instances, the crowd broker might cancel his or her interest as reflected in the published quotation, but an auto ex order might be executed against such quotation before the published quotation can be updated. Again, in such instance, the specialist would be required to take the contra side of the auto ex execution.

*Exchange Rule 123A.40.* The specialist shall not be required to fill any stop orders elected by an auto ex execution at the price of the electing sale in any instance where the specialist was required by Rule 1001(a)(iv) to take the contra side of an auto ex execution.

*Exchange Rule 91.* As the specialist does not accept an auto ex order for execution or act as agent for such order, the transaction confirmation requirements of Rule 91 will not apply in any instance where the specialist is the contra party to an auto ex execution.

*Exchange Rule 104.* Exchange Rule 104 contains the specialist's affirmative and negative obligations, and restricts the specialists' ability to purchase stock on direct plus ticks, or sell stock on direct minus ticks. The Exchange is proposing that any instance in which the specialist is effecting such a direct tick transaction only because he or she has been required to assume the contra side of an auto ex execution as described above shall be deemed to be a "neutral" transaction for purposes of Rule 104, and shall be deemed not to be in violation of the rule. The Exchange believes that this interpretation is appropriate because the specialist is not setting the price, but is simply being required to trade at a price set by other market participants.<sup>11</sup>

<sup>10</sup> 17 CFR 240.10a-1.

<sup>11</sup> The Exchange has represented that these interpretations of Rules 123A.40, 91, and 104 will be included in the "Supplementary Material" section of the appropriate rules upon application by the Exchange for permanent approval of the pilot program. Phone call between Donald Siemer, Director, Market Surveillance, NYSE, Brian McNamara, Vice President, Market Surveillance,

*Commission Rule 10a-1.* Commission staff notes that Commission Rule 10a-1 and Exchange Rule 440B do not permit the execution of short sales on a minus or zero minus tick. The Exchange believes that the specialist should be exempted from Commission Rule 10a-1 when he or she is taking the contra side of an auto execution on a minus or zero minus tick because of Exchange Rule 1001(a)(iv), and has an existing short position, or would be creating a short position by virtue of such execution. In such instance, the specialist should be granted an exemption from Commission Rule 10a-1 because the specialist is required to trade at a price set by other market participants. Accordingly, the Exchange will be submitting under separate cover a request for the appropriate relief from Rule 10a-1 under these circumstances.

## 2. Statutory Basis

The Exchange believes the basis for this proposed rule change is the requirement under section 6(b)(5) of the Act<sup>12</sup> that an Exchange have rules that are 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 also is designed to support the principles of Section 11A(a)(1) of the Act<sup>13</sup> in that it seeks to assure economically efficient execution of securities transactions, make it practicable for brokers to execute investors' orders in the best market, and provide an opportunity for investors' orders to be executed without the participation of a dealer.

With respect to the addition to the summary fine list under NYSE Rule 476A, the proposed rule change will also advance the objectives of section 6(b)(6) of the Act<sup>14</sup> by providing a procedure whereby member organizations can be "appropriately disciplined" in those instances when a rule violation is minor in nature, but a sanction more serious than a warning or cautionary letter is appropriate. In addition, the proposed rule change provides a fair procedure for imposing such sanctions, in accordance with the requirements of sections 6(b)(7)<sup>15</sup> and 6(d)(1)<sup>16</sup> of the Act.

NYSE, Rebekah Liu, Special Counsel, Division, Commission, and Sonia Patton, Attorney, Division, Commission (June 7, 2000).

<sup>12</sup> 15 U.S.C. 78f(b)(5).

<sup>13</sup> 15 U.S.C. 78k-1(a)(1).

<sup>14</sup> 15 U.S.C. 78f(b)(6).

<sup>15</sup> 15 U.S.C. 78f(b)(7).

<sup>16</sup> 15 U.S.C. 78f(d)(1).

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

The Exchange 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.

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

The Exchange has not solicited or received written comments on the proposed rule change.

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

Within 35 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 90 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 the Exchange consents, the Commission will:

A. By order approve the 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. Copies of such filing will also be available for inspection and copying at the principal office of the NYSE. All submissions should refer to the File No. SR-NYSE-00-18 and should be submitted by July 6, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>17</sup>

**Margaret H. McFarland,**  
*Deputy Secretary.*

[FR Doc. 00-15127 Filed 6-14-00; 8:45 am]

BILLING CODE 8010-01-M

## DEPARTMENT OF STATE

[Public Notice 3334]

### **Bureau of Educational and Cultural Affairs: Program Title: Israel-Arab Peace Partners Program; Request for Proposals**

**SUMMARY:** The Office of Citizen Exchanges of the Bureau of Educational and Cultural Affairs of the United States Department of State announces an open competition for grants under the Israel-Arab Peace Partners Program. U.S. public and private non-profit organizations meeting the provisions described in IRS regulation 26 CFR 1.501(c) may submit proposals to develop and implement exchange programs involving participants from both Israel and one or more Arab countries/entities in the Middle East or North Africa. Four grant awards are anticipated, as outlined below.

### **Program Information**

#### *Overview*

The Office of Citizen Exchanges of the Bureau of Educational and Cultural Affairs, U.S. Department of State, consults with and supports American public and private nonprofit organizations in developing and implementing multi-phased, often multi-year, exchanges of professionals, academics, youth leaders, public policy advocates, etc. These exchanges are focused on issues crucial to both the United States and the foreign countries involved, they represent focused, substantive, and cooperative interaction among counterparts, and they entail both theoretical and experiential learning for all participants. A primary goal is the development of sustained, international institutional and individual linkages. In addition to providing a context for professional development and cooperative, international problem-solving, these projects are intended to introduce participants to one another's political, social, and economic structures. Desirable components of an exchange may be local citizen involvement and activities that orient foreign participants to American society and culture.

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