

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 Exchange. All submissions should refer to File No. SR-Ame-00-32 and should be submitted by July 17, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-16028 Filed 6-23-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42959; File No. SR-CHX-00-21]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Stock Exchange, Incorporated, Amending Its Rules To Mandate Decimal Price Testing

June 20, 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 June 14, 2000, the Chicago Stock Exchange, Incorporated ("CHX" or "Exchange") 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 the CHX. The CHX has designated this proposal as one concerned solely with the administration of the CHX under Section 19(b)(3)(A)(iii) of the Act,³ 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

The Exchange proposes to add a new rule (Article XI, Rule 12) to require Exchange members to participate in such decimalization-related testing as the Exchange may mandate and to maintain documentation of that testing. The text of the proposed rule change is available upon request from the CHX or the Commission.

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 basis for the proposed rule change and discussed any comments it received regarding 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

Although the starting dates and specific details of an industry-wide implementation plan have not yet been finalized, national securities exchanges and other market participants have begun testing the systems involved in the conversion to decimal-based trading. The CHX, in cooperation with the Commission, the Securities Industry Association, and other self-regulatory organizations, has been participating in this important testing effort. The proposed rule described in this filing requires CHX member firms to participate in such decimalization-related testing as the Exchange may require and to maintain documentation, including the results, of that testing.⁴

Specifically, the proposed new rule requires CHX members to participate in any point-to-point and industry-wide computer testing that the Exchange may require.⁵ It also requires members to

prepare and submit such reports relating required testing as the Exchange may request, and to retain other testing-related documentation for inspection by the Exchange.

These requirements are similar to those that the Exchange imposed in 1999 as part of its Year 2000 testing effort, and are similar to those currently being proposed by at least one other national securities exchange. This proposed new rule shall expire upon the full implementation of decimal pricing.

2. Statutory Basis

The CHX believes the proposed rule is consistent with the requirements of the Act and the rules and regulations thereunder governing national securities exchanges, and, in particular, with the requirements of Section 6(b) of the Act.⁶ Specifically, the CHX believes the proposed rule is consistent with Section 6(b)(5) of the Act⁷ in that it is 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.

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 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 with respect to the proposed rule change.

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

Because the foregoing rule change is concerned solely with the administration of Exchange, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act⁸ and subparagraph (f)(3) of Rule 19b-4 thereunder.⁹ At any time within 60 days of the filing of such proposed rule

Industry-wide testing involves a wide variety of industry participants, including national securities exchange, registered clearing corporations and broker-dealers. The Exchange currently intends to require each of its active members (or their service providers) to participate in point-to-point test, and may require certain members to participate in industry-wide testing.

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

⁸ 15 U.S.C. 78s(b)(3)(A)(iii).

⁹ 17 CFR 240.19b-4(f)(3).

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ The Exchange will file additional decimalization-related rule changes within the time frame required by the Commission's recent order. See Securities Exchange Act Release No. 42914 (June 8, 2000), 65 FR 38010 (June 19, 2000). This proposed rule change has been submitted first to ensure that member firms receive appropriate notice of the contemplated testing requirements.

⁵ Point-to-point tests are conducted between a member's system (or the systems of the member's service provider) and the Exchange's systems.

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 purpose 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 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 Exchange. All submissions should refer to File No. SR-CHX-00-21 and should be submitted by July 17, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 00-16027 Filed 6-23-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42961; File No. SR-MBSCC-00-01]

Self-Regulatory Organizations; MBS Clearing Corporation; Notice of Filing of Proposed Rule Change Relating to Letters of Credit

June 20, 2000.

Pursuant to Section 19(b)¹ of the Securities Exchange Act of 1934 ("Act"), notice is hereby given that on April 11, 2000, the MBS Clearing Corporation ("MBSCC") filed with the Securities and Exchange Commission

("Commission") and on June 13, 2000, amended the proposed rule change as described in Items I, II, and III below, which Items have been prepared primarily by MBSCC. 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 will prohibit MBSCC from accepting a letter of credit from a participant when the participant or an affiliate of that participant issues the letter of credit.

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

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

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

The purpose of the proposed rule change is to modify Article IV, Rule 2, Section 9 of MBSCC's rules, which governs deposits of letters of credit by participants to the participants fund for margin purposes. This rule provides that MBSCC may approve as the issuer of a letter of credit any domestic or foreign bank or trust company meeting the requirements set forth in procedures adopted from time to time by MBSCC.

The proposed rule change will amend Article IV, Rule 2, Section 9 by adding a new subsection (b) which will prohibit MBSCC from accepting a letter of credit from a participant that is issued by that participant or by an affiliate of that participant.³ The proposed rule change

will codify MBSCC's historical practice of requiring that a letter of credit deposited by a participant to the participants fund be issued by an approved letter of credit issuer other than the participant or an affiliate of the participant.

The proposed rule change also makes a technical modification to Article III, Rule 5 of MBSCC's rules to correct the reference contained within such rule from "Rule 4" to "Rule 5."

MBSCC believes that the proposed rule change is consistent with the requirements of Section 17A(b)(3)(A)⁴ of the Act and the rules and regulations thereunder because it is designed to assure the safeguarding of securities and funds that are in the custody or control of MBSCC or for which it is responsible.

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

MBSCC does not believe that the proposed rule change will have an impact on 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

No written comments relating to the proposed rule change have been solicited or received. MBSCC will notify the Commission of any written comments received by MBSCC.

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 the self-regulatory organization 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

ownership of voting securities, by contract, or otherwise."

⁴ 15 U.S.C. 78q-1(b)(3)(A).

¹⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

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

³ Article I, Rule 1 of MBSCC's rules will be amended as follows. "The term an 'Affiliate' of, or a person 'Affiliated' with, a specified person, means a person that directly, or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified. For purposes of this definition, the term 'control' (including the terms 'controls,' 'controlled by,' and 'under common control with') means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the