

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**

*a. Constitution Article V, Section 1(c) and Rule 345(f)*

Under Article V, Section 1(c) of the Exchange Constitution and Rule 345, any member, member organization, approved person, or employee of a member or member organization found guilty of charges by an Exchange Disciplinary Panel may appeal the determination and/or penalty imposed by the Panel to the Amex Adjudicatory Council ("AAC").<sup>3</sup> The Exchange's Enforcement Department, however, may not appeal a Disciplinary Panel's determination pursuant to these Constitutional and rule provisions. The Exchange believes that its staff should also have a direct right of appeal in those situations where it believes that the Disciplinary Panel has imposed inadequate sanctions or made a determination inconsistent with evidence presented.

In reviewing a disciplinary decision, the AAC currently may affirm the determination and penalty imposed, modify or reverse the determination, decrease or eliminate the penalty imposed, impose any lesser penalty permitted, or remand the matter to the Disciplinary Panel for further consideration. However, the AAC may not increase or impose a greater penalty on appeal. The Exchange proposes that the AAC be given the authority to increase the penalty imposed by the Disciplinary Panel if it deems it appropriate. This authority would give the reviewing body the full range of alternatives that it needs to deal effectively with appeals. Additionally, this authority is necessary to give effect to the Enforcement Department's proposed right of appeal.

*b. Constitution Article V, Section 1(d) and Rule 345(g)*

Pursuant to Exchange Constitution Article V, Section 1(d) and Rule 345(g), as the next level of review, any four members of the Board of Governors may call a proposed decision of the AAC in a contested disciplinary matter for review by the entire Board. In reviewing

a decision by the AAC, the Board may affirm, modify or reverse the decision of the AAC, or remand the matter for further consideration. The Exchange proposes to expand the scope of the Board's authority to review proposed decisions of the AAC so that the Board may also sustain, increase or eliminate any penalty imposed, or impose a lesser penalty.<sup>4</sup>

**2. Statutory Basis**

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act<sup>5</sup> in general and furthers the objectives of Sections 6(b)(1),<sup>6</sup> 6(b)(6),<sup>7</sup> and 6(b)(7)<sup>8</sup> in particular in that it will enhance the ability of the Exchange to enforce compliance by its members and persons associated with its members with the provisions of the Act, the rules and regulations thereunder, and the rules of the Exchange; it will help ensure that members and persons associated with members are appropriately disciplined for violations of the Act, the rules and regulations thereunder, and the rules of the Exchange; and it will provide a fair procedure for the disciplining of members and persons associated with members.

*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.

*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**

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 self-regulatory

<sup>4</sup> Pursuant to New York Stock Exchange ("NYSE") Rule 476(f), NYSE enforcement personnel have the authority to appeal adverse determinations by disciplinary panels and the review boards have the authority to increase penalties imposed by disciplinary panels. Further, National Association of Securities Dealers, Inc. ("NASD") Rule 9311 provides for similar authority.

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

<sup>6</sup> 15 U.S.C. 78f(b)(1).

<sup>7</sup> 15 U.S.C. 78f(b)(6).

<sup>8</sup> 15 U.S.C. 78f(b)(7).

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 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 Amex. All submissions should refer to the file number SR-Amex-00-22 and should be submitted by August 23, 2000.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-43074; File No. SR-CHX-00-23]

**Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Stock Exchange, Incorporated To Create a New Registration Fee and Annual Fee for Off-Floor Proprietary Securities Traders for CHX Member Firms for Which the CHX Acts as Designated Examining Authority**

July 26, 2000.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

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

<sup>3</sup> Additionally, any member of the AAC has the authority to request a review of an Exchange Disciplinary Panel decision *sua sponte*.

(“Act”),<sup>1</sup> and Rule 19b–4 thereunder,<sup>2</sup> notice is hereby given that on July 17, 2000, the Chicago Stock Exchange, Incorporated (“CHX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission” or “SEC”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as one establishing or changing a due, fee, or other charge imposed by the CHX 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

The Exchange proposes to amend its membership dues and fees schedule (the “Schedule”) to reflect a new registration fee and annual fee for certain associated persons of member firms for which the CHX acts as the designated examining authority. The text of the proposed rule change is available upon request at 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 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 proposed rule change amends the Schedule to establish a \$500 per person registration fee and a \$500 per person annual fee for certain associated persons of member firms for which the CHX acts as the designated examining authority (“DEA”). Specifically, these fees would apply to those persons who are acting as off-floor proprietary securities traders

for CHX member firms for which the CHX acts as the DEA.

These fees reflect the increased costs of administration and oversight involved in preparing and processing necessary Series 7<sup>4</sup> registration sponsor forms for these off-floor traders; inputting and maintaining traders’ employment, examination and disciplinary histories; tracking adherence to applicable Series 7 continuing education requirements; and conducting on-site examinations of firms that employ these off-floor traders. The new registration fee is designed to apply to all registration sponsor forms received on or after August 1, 2000. The new annual fee will be charged as of January 1, 2001.

##### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act<sup>5</sup> in that it provides for the equitable allocation of reasonable dues, fees and other charges among its members.

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

The Exchange does not believe that the proposed rule change will impose any inappropriate 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 were solicited or 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>6</sup> and subparagraph (f)(2) of Rule 19b–4 thereunder,<sup>7</sup> because it involves a due, fee, or other charge. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily

<sup>4</sup> CHX Rules require persons acting as off-floor proprietary securities traders for CHX member firms for which the CHX acts as DEA to successfully complete the Uniform Registered Representative Exam, Series 7, and to meet certain continuing education requirements. See Article VI, Rule 3, Interpretation .02; Article VI, Rule 9. The Series 7 examination is designed to ensure that registered representatives, such as CHX off-floor proprietary securities traders, understand the legal requirements applicable to their activities. See July 20, 2000 letter from Ellen J. Neely, Vice President and General Counsel, CHX, to Nancy J. Sanow, Assistant director, Division of Market Regulation, SEC.

<sup>5</sup> 15 U.S.C. 78f(b)(4).

<sup>6</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>7</sup> 17 CFR 240.19b–4(f)(2).

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 Exchange. All submissions should refer to file number SR–CHX–00–23, and should be submitted by August 23, 2000.

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

Margaret H. McFarland,

Deputy Secretary.

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### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–43066; File No. SR–MSRB–00–06]

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Municipal Securities Rulemaking Board Relating to Municipal Fund Securities

July 21, 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 April 5, 2000, the Municipal Securities Rulemaking Board (“MSRB” or “Board”) filed with the Securities and Exchange Commission (“Commission”

<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.