

in any Joint Account for any reason, although each Fund will be permitted to draw down its entire balance at any time, provided the Investment Manager determines such draw-down would have no significant adverse impact on any other Fund in that Joint Account. Each Fund's decision to invest in a Joint Account would be solely at its option, and no Fund will be obligated to invest in a Joint Account or to maintain any minimum balance in a Joint Account. In addition, each Fund will retain the sole rights of ownership to any of its assets invested in a Joint Account, including interest payable on such assets invested in the Joint Account.

6. The Investment Manager will administer, manage, and invest the cash in the Joint Accounts in accordance with, and as part of, its general duties under existing or future investment management agreements with the Funds and will not collect any additional or separate fee for advising any Joint Account.

7. The administration of the Joint Accounts will be within the fidelity bond coverage required by section 17(g) of the Act and rule 17g-1 thereunder.

8. The Boards will adopt procedures for each of the Funds pursuant to which the Joint Accounts will operate, which will be reasonably designed to provide that the requirements of this application will be met. Each Board will make and approve such changes as it deems necessary to ensure such procedures are followed. In addition, the Board of each Fund will determine, no less frequently than annually, that the Joint Accounts have been operated in accordance with the adopted procedures and will only permit a Fund to continue to participate therein if it determines that there is a reasonable likelihood that the Fund and its shareholders will benefit from the Fund's continued participation.

9. Each Fund will participate in the Joint Accounts on the same basis as any other Fund in conformity with its respective fundamental investment objectives, policies, and restrictions.

10. Any Short-Term Investments made through the Joint Accounts will satisfy the investment criteria of all Funds in that Short-Term Investment.

11. Each Fund's investment in the Joint Accounts will be documented daily on its books and on the books of the Custodian. The Investment Manager and the Custodian of each Fund will maintain records documenting, for any given day, each Fund's aggregate investment in a Joint Account and each Fund's pro rata share of each investment made through such Joint Account. The records maintained for each Fund will be maintained in conformity with

section 31 of the Act and the rules and regulations promulgated thereunder.

12. Every Fund participating in a Joint Account will not necessarily have its cash invested in every Short-Term Investment made through such Joint Account. However, to the extent that a Fund's cash is applied to a particular Short-Term Investment, the Fund will participate in and own its proportionate share of such Short-Term Investment, and any income earned or accrued thereon, based upon the percentage of such investment purchased with monies contributed by the Fund.

13. Short-Term Investments held in a Joint Account generally will not be sold prior to maturity except if: (i) The Investment Manager believes the investment no longer presents minimal credit risks; (ii) the investment no longer satisfies the investment criteria of all Funds participating in the investment because of a credit downgrading or otherwise; or (iii) in the case of a repurchase agreement, the counterparty defaults. The Investment Manager may sell any Short-Term Investment (or any fractional portion thereof) on behalf of some or all Funds prior to the maturity of the investment provided the cost of such transaction will be allocated solely to the selling Funds and the transaction will not adversely affect the other Funds participating in that Joint Account. In no case would an early termination by less than all Funds be permitted if such early termination would reduce the principal amount or yield received by other Funds in the Joint Account or otherwise adversely affect the other Funds. Each Fund in a Joint Account will be deemed to have consented to such sale and partition of the investments in the Joint Account.

14. Short-Term Investments held through a Joint Account with remaining maturities of more than seven days, as calculated pursuant to rule 2a-7 under the Act, will be considered illiquid and, for any Fund that is an open-end management investment company registered under the Act, subject to the restriction that the Fund may not invest more than 15%, or in the case of a money market fund, more than 10% (or such other percentage as set forth by the Commission from time to time) of its net assets in illiquid securities, and any similar restrictions set forth in the Fund's investment restrictions and policies, if the Investment Manager cannot sell the instrument, or the Fund's fractional interest in such instrument, pursuant to the preceding condition.

For the Commission, by the Division of Investment Management, under delegated authority.

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43065; File No. SR-Amex-00-22]

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the American Stock Exchange LLC Relating to the Amendment of Article V, Section 1 of the Exchange Constitution and Exchange Rule 345

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 13, 2000, the American Stock Exchange LLC ("Amex" "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 Exchange proposes to amend Amex Rule 345 and Article V, Section 1 of the Exchange Constitution: (i) To give the Exchange's Enforcement Department the right to appeal a decision of a Disciplinary Panel, and (ii) to give the Amex Adjudicatory Council and Amex Board of Governors authority to increase the penalty imposed by a Disciplinary Panel.

The text of the proposed rule change is available at the Amex and at 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

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

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

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*.