

by, applicant will serve on the board of directors of each qualifying company.

6. Applicant will have acquired at least 50% of its holdings either in private placement directly from the qualifying company or as a result of applicant providing other financial assistance directly to such qualifying company.

7. Any decision by applicant to dispose of all or a portion of its holdings in any qualifying company will not be based simply on the market value of such holdings but rather on strategic and operational considerations.

Applicant's Operations

8. Members of applicant's management will not be affiliated persons of registered investment advisers, and applicant will not be an affiliated person of a registered investment company.

9. Applicant will be engaged in the businesses of its portfolio companies and will not hold itself out as being engaged in the business of investing, reinvesting, owning, holding or trading in securities.

10. Applicant will have a class of its equity securities registered under Section 12 of the Exchange Act.

11. Applicant will comply with sections 56, 57(a) through (i), 57(m), 57(o), 62(2), and 63(2) of the Act as if applicant were a BDC.

Incentive Compensation Plan

12. Applicant's board of directors will review the Plan at least annually. In addition, the Committee periodically will review the potential impact that the grant, exercise, or vesting of Awards could have on applicant's earnings and NAV per share, such review to take place prior to any decisions to grant Awards, but in no event less frequently than annually. Adequate procedures and records will be maintained to permit such review, and the Committee will be authorized to take appropriate steps to ensure that neither the grant nor the exercise or vesting of Awards would have any effect contrary to the interests of applicant's shareholders. This authority will include, in addition to the authority to prevent or limit the grant of additional Awards, the authority to limit the number of Awards exercised in a given period of time should the Committee conclude that applicant's expenses, earnings or NAV might otherwise be excessively diluted. All records maintained pursuant to this condition will be subject to examination by the Commission and its staff.

13. The maximum number of shares of applicant's common stock available for issuance under the Plan will be 10%

of applicant's outstanding common stock on the date the Plan is adopted. No Participant will be granted Awards relating to more than 35% of the shares reserved for issuance under the Plan.

14. Awards under the Plan will be issuable only to applicant's directors, officers and employees. Awards will not be transferable or assignable, except by will or the laws of descent and distribution, or as the Committee may specifically approve to facilitate estate planning.

15. The existence and nature of the Awards granted will be disclosed in accordance with standards or guidelines adopted by the Financial Accounting Standards Board for operating companies and the requirements of the Commission under Item 402 of Regulation S-K, Item 8 of Schedule 14A under the Exchange Act and Item 18 of Form N-2.

16. Applicant will have amended the terms of any equity-based compensation plans adopted by applicant and grants made thereunder prior to its reliance on the requested order to bring such plans and grants into compliance with such order.

By the Commission.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-20882 Filed 8-16-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43131; File No. SR-Amex-00-26]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto by the American Stock Exchange, Inc. Relating to Listing Additional Series of iShares MSCI Index Funds

August 8, 2000.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 4, 2000, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Amex. On June 12, 2000, the Exchange filed Amendment No. 1 to the proposal.³ The Commission

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Restated 19b-4 filing marked Amendment No. 1 ("Amendment No. 1"). Amendment No. 1 changed all "WEBS Index Series" references to "iShares MSCI Index Funds."

is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The Amex proposes to list and trade a product called iShares MSCI Index Funds (formerly, "WEBS Index Series"), under Amex rules 1000A *et seq.* ("Index Fund Shares") based on the following Morgan Stanley Capital International ("MSCI") Indices: Greece, Indonesia (Free), Portugal, Thailand (Free) and Turkey. The text of the proposed rule change and descriptions of the five specific indices referenced above are available at the Office of the Secretary, 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 Amex 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 Amex 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 the Statutory Basis for, the Proposed Rule Change

(1) Purpose

On March 8, 1996, the Commission approved Amex's listing and trading of Index Fund Shares under Amex Rules 1000A *et seq.*⁴ Index Fund Shares are shares issued by an open-end management investment company that seeks to provide investment results that correspond generally to the price and yield performance of a specified foreign or domestic equity market index. The first Index Fund Shares listed on the Exchange were seventeen series of World Equity Benchmark Shares™ ("WEBS™") issued by Foreign Fund, Inc. based on the following MSCI indices: Australia, Austria, Belgium, Canada, France, Germany, Hong Kong, Italy, Japan, Malaysia (Free), Mexico (Free), Netherlands, Singapore (Free), Spain, Sweden, Switzerland and United Kingdom. The WEBS Index Series have

⁴ See Securities Exchange Act Release No. 36947 (March 8, 1996), 61 FR 10606 (March 14, 1996) (order approving File No. Amex-95-43).

been trading on the Amex since March 18, 1996.

On April 29, 1999, the Exchange's proposal to list an additional eleven WEBS Index Series, including the five series that are the subject of this filing, was published in the **Federal Register**.⁵ On January 11, 2000, the Exchange requested that WEBS Index Series for Greece, Indonesia (Free), Portugal, Thailand (Free), and Turkey be excluded from the proposal.⁶ On May 2, 2000, the Commission approved the amended proposal to list and trade WEBS Index Series based on the following MSCI indices: MSCI European Monetary Union Index; MSCI Brazil (Free) Index; MSCI South Korea Index; MSCI South Africa Index; MSCI Taiwan Index; and MSCI United States Index.⁷

As of May 15, 2000, the WEBS Index Series have been renamed iShares MSCI Index Funds. The fund that issues iShares—the WEBS Index Fund, Inc. (previously named Foreign Fund, Inc.)—has been renamed iShares, Inc. ("Fund"). The Exchange now proposes to list additional iShares MSCI Index Funds based on the following MSCI indices: MSCI Greece Index, MSCI Indonesia (Free) Index, MSCI Portugal Index, MSCI Thailand (Free) Index and, MSCI Turkey Index.⁸ The methodology and procedures used to calculate the MSCI Indices on which the proposed iShares MSCI Index Funds are based are the same as those previously filed with the Commission in SR-Amex-98-49.⁹

Issuances of iShares by the Fund are made only in Creation Unit size aggregations or multiples thereof. The size of the applicable Creation Unit size

aggregation will be set forth in the Funds' prospectus and varies among iShares MSCI Index Funds, but is generally substantial (*i.e.*, value in excess of \$500,000 per Creation Unit). The Fund issues and sells iShares through a distributor on a continuous basis at the ("NAV") per share next determined after an order to purchase iShares in Creation Unit size aggregations is received in proper form. Following issuance, iShares are traded on the Exchange like other equity securities by professionals, as well as retail and institutional investors.

Creation Unit size aggregations of iShares are generally issued in exchange for the "in kind" deposit of a specified portfolio of securities, together with a cash payment representing, in part, the amount of dividends accrued up to the time of issuance. Such deposits are made primarily by institutional investors, arbitrageurs and Exchange specialists. Redemption of iShares is generally made on an in-kind basis, with a portfolio of securities and cash exchanged for iShares that have been tendered for redemption. Issuances or redemptions could also occur for cash under specified circumstances (*e.g.*, if it is not possible to effect delivery of securities underlying the specific series in a particular foreign country) and at other times at the discretion of the Fund.

The Fund makes available on a daily basis a list of names and the required number of shares of each of the securities to be deposited in connection with the issuance of a particular iShares MSCI Index Fund in Creation Unit size aggregations, as well as information relating to the required cash payment representing, in part, the amount of accrued dividends.

An iShares MSCI Index Fund may make periodic distributions of dividends from net investment income, including net foreign currency gains, if any, in an amount approximately equal to accumulated dividends on securities held by the iShares MSCI Index Fund during the applicable period, net of expenses and liabilities for such period.

The NAV for each iShares MSCI Index Fund is calculated by the Fund's Administrator (PFFC Inc.). After calculation, such as NAVs, are available to the public from the Fund's distributor, and are also available to National Securities Clearing Corporation ("NSCC") participants through data made available from NSCC.

iShares are registered in book entry form through The Depository Trust Company. Trading in shares of iShares MSCI Index Funds on the Exchange is effected until 4 p.m. (New York Time)

each business day. The minimum trading increment for iShares MSCI Index Funds is $\frac{1}{16}$ of \$1.00, pursuant to Amex Rule 127, Commentary .02.

a. Shares Per Creation Unit

It is anticipated that the number of iShares constituting a Creation Unit for each iShares MSCI Index Fund will be approximately 50,000 and that the value of a Creation Unit at start of trading for these series will be in excess of \$500,000. The Fund will establish a minimum number of iShares per Creation Unit for each Index Fund prior to commencement of trading, which minimum number will be disclosed in the Fund's prospectus. It is further anticipated that the NAV of an individual share will initially range from \$10 to \$25.

Each MSCI Index on which an iShares MSCI Index Fund is based is calculated by MSCI for each trading day in the applicable foreign exchange markets based on official closing prices in those exchange markets. For each trading day, MSCI publicly disseminates each index value for the previous day's close. MSCI Indices are reported periodically in major financial publications worldwide, and are also available through vendors of financial information.

There are two broad categories of changes to the MSCI Indices. The first consists of market-driven changes such as mergers, acquisitions, bankruptcies, etc. These are announced and implemented as they occur. The second category consists of structural changes to reflect the evolution of a market, for example due to changes in industry composition or regulations. Structural changes may occur only on four dates throughout the year: the first business days of March, June, September and December. They are pre-announced at least two weeks in advance.

As noted in the iShares prospectus for the initial seventeen iShares MSCI Index Series (Registration No. 33-97598), the investment objective of each iShares MSCI Index Fund is to seek to provide investment results that correspond generally to the price and yield performance of public securities traded in the aggregate in particular markets, as represented by specific MSCI benchmark indices. Each iShares MSCI Index Fund utilizes a "passive" or indexing investment approach that attempts to approximate the investment performance of its benchmark index through quantitative analytical procedures. Each Index Fund has the policy to remain as fully invested as practicable in a pool of securities the performance of which will approximate

⁵ See Securities Exchange Act Release No. 41322 (April 22, 1999), 64 FR 23138 (April 29, 1999)(SR-Amex-98-49).

⁶ See Letter from Michael Cavalier, Associate General Counsel, Legal & Regulatory Policy, Amex, to Terri Evans, Special Counsel, Division of Market Regulation, Commission, dated January 6, 2000. See also Securities Exchange Act Release No. 42748n. 7 (May 2, 2000), 65 FR 30155 (May 10, 2000)(order approving Amex-98-49).

⁷ See Securities Exchange Act Release No. 42748 (May 2, 2000), 65 FR 30155 (May 10, 2000).

⁸ The Fund filed with the Commission an Application for Orders under Sections 6(c) and 17(b) of the Investment Company Act of 1940 ("1940 Act") as amended, for the purpose of exempting the five additional WEBS Index Series (Now iShares MSCI Index Funds) referenced herein from various provisions of the 1940 Act and rules thereunder (File No. 812-10756), and the Commission granted such relief in *In the Matter of WEBS Index Funds, Inc., et al.*, Investment Company Act Release No. 23860 (June 7, 1999) and Investment Company Act Release No. 23890 (July 6, 1999).

⁹ See Letter from Michael Cavalier, Associate General Counsel, Legal & Regulatory Policy, Amex, to Katherine England, Assistant Director, Division, Commission, dated April 8, 1999 (Amendment No. 2 to SR-Amex-98-49). See also Securities Exchange Act Release No. 41322 n.4 (April 22, 1999), 64 FR 23138 (April 29, 1999).

the performance of the benchmark MSCI Index taken in its entirety.

b. Fund Policies Relating to Weighting of Securities and Industries

The Fund maintains several policies relating to the weighting of securities in an iShares MSCI Index Fund which serve to prevent excessive weighting in individual securities.

In order for the Fund to qualify for tax treatment as a regulated investment company, it must meet several requirements under the Internal Revenue Code. These requirements include that, at the close of each quarter of the Fund's taxable year: (i) at least 50% of the market value of the Fund's total assets must be represented by cash items, U.S. government securities, securities of other regulated investment companies and other securities, with such other securities limited for purposes of this calculation in respect of any one issuer to an amount not greater than 5% of the value of the Fund's assets and not greater than 10% of the outstanding voting securities of such issuer, and (ii) not more than 25% of the value of its total assets may be invested in the securities of any one issuer, or of two or more issuers that are controlled by the Fund (within the meaning of Section 851(b)(4)(B) of the Internal Revenue Code) and that are engaged in the same or similar trades or businesses or related trades or businesses (other than U.S. government securities or the securities of other regulated investment companies).

The Fund also maintains an industry concentration policy for all iShares MSCI Index Funds. With respect to the two most heavily weighted industries or groups of industries in its benchmark MSCI Index, an iShares MSCI Index Fund will invest in securities (consistent with its investment objective and other investment policies) so that the weighting of each such industry or group of industries in the iShares MSCI Index Funds does not diverge by more than 10% from the respective weighting of such industry or group of industries in its benchmark MSCI Index. An exception to this policy is that if investment in the stock of a single issuer would account for more than 25% of the iShares MSCI Index Fund, such Fund will invest less than 25% of its net assets in such stock and will reallocate the excess to stock(s) in the same industry or group of industries, and/or stock(s) in another industry or group of industries, in its benchmark MSCI Index. Each iShares MSCI Index Fund will evaluate these industry weightings at least weekly, and at the time of evaluation will adjust its portfolio

composition to the extent necessary to maintain compliance with the above policy. An iShares MSCI Index Fund may not concentrate its investments except as discussed above. This policy is a fundamental investment policy and may not be changed without the approval of a majority of an iShares MSCI Index Fund's shareholders.

An iShares MSCI Index Fund does not hold all of the issues that comprise the subject MSCI Index, but attempts to hold a representative sample of the securities in the Index utilizing a technique known as "portfolio sampling." Through the application of portfolio sampling, each of the iShares MSCI Index Funds is expected to contain less than all of the component stocks in its respective benchmark MSCI Index. The following table sets forth the number of stocks contained in the Benchmark MSCI Index, and the initial number of stocks expected to be included in each corresponding iShares MSCI Index Funds (data as of December 31, 1999):

Country/Region	Number of stocks in Benchmark MSCI Index	Number of stocks in iShares MSCI Index Fund
Greece	34	33
Indonesia (Free)	41	26
Portugal	18	18
Thailand (Free)	42	37
Turkey	39	33

Each iShares MSCI Index Fund has a policy to remain as fully invested as practicable in a pool of equity securities. Each iShares MSCI Index Fund will normally invest at least 95% of its total assets in stocks that are represented in its benchmark MSCI Index except, in limited circumstances, to assist in meeting shareholder redemptions of Creation Units. In order to comply with the Internal Revenue Code, and manage corporate actions and index changes in the smaller markets, each of the Greece, Indonesia (Free), Portugal Thailand (Free) and Turkey iShares MSCI Index Funds will at all times invest at least 80% if its total assets in such stocks and at least half of the remaining 20% of its total assets in such stocks or in stocks included in the relevant market, but not in its benchmark MSCI Index.

The Exchange believes that these requirements and policies prevent any iShares MSCI Index Fund from being excessively weighted in any single security or small group of securities and significantly reduce concerns that trading in a particular iShares MSCI

Index Fund could become a surrogate for trading in unregistered securities.

As noted in the prospectus for the iShares MSCI Index Funds, it is expected that, over time, the "expected tracking error" of a iShares MSCI Index Funds relative to the performance of the relevant iShares MSCI will be less than 5%. The expected tracking error applies to all five of the iShares MSCI Index Funds proposed herein. An expected tracking error of 5% means that there is a 68% probability that the net return on the asset value for the Index Funds (including dividends and without reflecting expenses) will be between 95% and 105% of the return of the subject MSCI after one year without rebalancing the portfolio composition. While no particular levels of tracking error is assured, the Fund's Advisor (Barclays Global Fund Advisors) monitors the tracking error of each Index Series on an ongoing basis and seeks to minimize tracking error to the maximum extent possible. Semi-annual and annual reports of the Fund disclose tracking errors over the previous six month periods, and in the event that tracking errors exceeds 5%, the Fund Board of Directors will consider what action might be appropriate.

c. Criteria for Initial and Continued Listing

iShares are subject to the criteria for initial and continued listing of Index Fund Shares in Amex Rule 1002A. For each of the five iShares MSCI Index Funds, it is anticipated that a minimum of two Creation Units will be required to be outstanding at the start of trading. The minimum number of shares of each iShares MSCI Index Funds required to be outstanding at the start of trading will be comparable to requirements that have been applied to previously listed series of Portfolio Depositary Receipts and Index Fund Shares.

The Exchange believes that the proposed minimum number of iShares outstanding at the start of trading for each iShares MSCI Index Fund is sufficient to provide market liquidity and to further the Fund's objective to seek to provide investment results that correspond generally to the price and yield performance of a specified MSCI Index.

d. Dissemination of Indicative Optimized Portfolio Value

As noted above, MSCI disseminates values for each MSCI Index once each trading day, based on closing prices in the relevant exchange market. In addition, the Fund causes to be made available on a daily basis the names and required number of shares of each of the

securities to be deposited in connection with the issuance of iShares in Creation Unit size aggregations for each iShares MSCI Index Fund, as well as information relating to the required cash payment representing, in part, the amount of accrued dividends applicable to such iShares MSCI Index Fund. This information is made available by the Fund's Advisor to any NSCC participants requesting such information. In addition, other investors can request such information directly from the Fund's distributor. The NAV for each iShares MSCI Index Fund is calculated daily by the Fund's Administrator.

In order to provide updated information relating to each iShares MSCI Index Fund for use by investors, professionals and persons wishing to create or redeem iShares,¹⁰ the Exchange disseminates through the facilities of the Consolidated Tape Association ("CTA") an updated "indicative optimized portfolio value" ("Value") for each of the seventeen iShares MSCI Index Funds currently traded as calculated by Bloomberg L.P. The Exchange will also disseminate a Value for the proposed five new iShares MSCI Index Funds over CTA facilities (Network B) as calculated by Bloomberg ("Value calculator"). The Value will be calculated by Bloomberg in the same manner utilized by Bloomberg to calculate the Value for iShares MSCI Index Funds that are currently trading. The Value is disseminated on a per iShare basis every 15 seconds during regular Amex trading hours of 9:30 a.m. to 4 p.m. New York time. The equity securities values included in the Value are the values of the designated portfolio of equity securities ("Deposit Securities") constituting an optimized representation of the benchmark MSCI foreign index for each iShares MSCI Index Fund, which is the same as the portfolio that is to be utilized generally in connection with creations and redemptions of iShares in Creation Unit size aggregations on that day. The equity securities included in the Value reflect the same market capitalization weighting as the Deposit Securities in the optimized portfolio for the particular iShares MSCI Index Fund. In addition to the value of the Deposit Securities for each iShares MSCI Index Fund, the Value includes a cash component consisting of estimated accrued dividend and other income, less expenses. The Value also reflects

¹⁰ iShares cannot be redeemed individually but must be redeemed in Creation Unit size aggregations applicable to the specific iShares MSCI Index Funds.

changes in currency exchange rates between the U.S. dollar and the applicable home foreign currency.

The Value does not reflect the value of all securities included in the applicable benchmark MSCI Index. In addition, the Value does not necessarily reflect the precise composition of the current portfolio of securities held by the Fund for each iShares MSCI Index Fund at a particular point in time. Therefore, the Value on a per iShare basis disseminated during Amex trading hours should not be viewed as a real-time update of the NAV of the Fund, which is calculated once a day. While the Value disseminated by the Amex at 9:30 a.m. is generally very close to the most recently calculated Fund NAV on a per iShare basis,¹¹ it is possible that the value of the portfolio of securities held by the Fund for a particular iShares MSCI Index Fund may diverge from the Deposit Securities Values during any trading day. In such case, the Value will not precisely reflect the value of the Fund portfolio. Following calculation of the NAV by the Fund's Administrator as of 4 p.m. New York time, the Value on a per iShare basis can be expected to be the same as the NAV of the Fund on a per iShare basis.

However, during the trading day, the Value can be expected to closely approximate the value per iShare of the portfolio of securities for each iShares MSCI Index Fund except under unusual circumstances (e.g., in the case of extensive rebalancing of multiple securities in an iShares MSCI Index Fund at the same time by the Fund Advisor). The circumstances that might cause the Value to be based on calculations different from the valuation per iShare of the actual portfolio of an Index Fund would not be different than circumstances causing any index fund or trust to diverge from an underlying benchmark index.

The Exchange believes that dissemination of the Value based on the Deposit Securities provides additional information regarding each iShares MSCI Index Fund that is not otherwise available to the public and is useful to professionals and investors in connection with iShares trading on the Exchange or the creation or redemption of iShares.

¹¹ A slight difference between the Value disseminated at 9:30 a.m. and the most recently calculated Fund net asset value can be expected because the Value will include an estimated cash amount consisting principally of any dividend accruals for the Deposit Securities going "ex-dividend" on that day.

1. Greece, Indonesia (Free), and Thailand (Free) MSCI Indices

For Greece, Indonesia, and Thailand (Free), there is no overlap in trading hours between the foreign markets and the Amex. Therefore, for each Index Series, the Value calculator will utilize closing prices (in applicable foreign currency prices) in the principal foreign market for securities in the iShares portfolio, and convert the price to U.S. dollar. This Value will be updated every 15 seconds during Amex trading hours to reflect changes in currency exchange rates between the U.S. dollar and the applicable foreign currency. The Value will also include the applicable cash component for each iShares MSCI Index Fund.

2. Portugal and Turkey MSCI Indices

For Portugal and Turkey, which have trading hours overlapping regular Amex trading hours, the Value calculator will update the applicable Value every 15 seconds to reflect price changes in the applicable foreign market or markets, and convert such prices into U.S. dollars based on the current currency exchange rate. When the foreign market or markets are closed but the Amex is open, the Value will be updated every 15 seconds to reflect changes in currency exchange rates after the foreign markets close. The Value will also include the applicable estimated cash component for each Index Fund.

e. Original and Annual Listing Fees

The Amex original listing fee applicable to the listing of iShares MSCI Index Funds is \$5,000 per iShares MSCI Index Fund (i.e., \$25,000 for the five iShares MSCI Index Funds listed above). In addition, the annual listing fee applicable to iShares MSCI Index Funds under Section 141 of the Amex *Company Guide* will be based upon the year-end aggregate number of outstanding iShares in all iShares MSCI Index Funds, including the existing series and the additional funds proposed herein.

f. Stop and Stop Limit Orders

Amex Rule 154, Commentary .04(c) provides that stop and stop limit orders to buy or sell a security (other than an option, which is covered by Amex Rule 950(f) and Commentary thereto) the price of which is derivatively priced based upon another security or index of securities, may with the prior approval of a Floor Official, be elected by a quotation, as set forth in Commentary .04(c)(i-v). The Exchange has designated

Index Fund Shares, including iShares, as eligible for this treatment.¹²

Amex Rule 190

Amex Rule 190, Commentary .04 applies to Index Fund Shares listed on the Exchange, including iShares. Commentary .04 states that nothing in Amex Rule 190(a) should be construed to restrict a specialist registered in a security issued by an investment company from purchasing and redeeming the listed security, or securities that can be subdivided or converted into the listed security, from the issuer as appropriate to facilitate the maintenance of a fair and orderly market.

h. Prospectus Delivery

The Exchange, in an Information Circular to Exchange members and member organizations, will inform members and member organizations, prior to commencement of trading, that investors purchasing iShares will be required to receive a Fund prospectus prior to or concurrently with the confirmation of a transaction therein.

i. Trading Halts

In addition to other factors that may be relevant, the Exchange may consider factors such as those set forth in Amex Rule 918C(b) in exercising its discretion to halt or suspend trading in Index Fund Shares, including iShares. These factors would include, but are not limited to: (1) the extent to which trading is not occurring in stocks underlying the index; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.¹³ In addition, trading in iShares will be halted if the circuit breaker parameters under Amex Rule 117 have been reached.

j. Suitability

Prior to commencement of trading, the Exchange will issue an Information Circular informing members and member organizations of the characteristics of the specific fund and of applicable Exchange rules, as well as of the requirements of Amex Rule 411 (Duty to Know and Approve Customers).

k. Purchases and Redemptions in Creation Unit Size

In the Information Circular referenced above, members and member

organizations will be informed that procedures for purchases and redemptions of iShares in Creation Unit Size are described in the Fund prospectus and Statement of Additional Information, and that iShares are not individually redeemable but are redeemable only in Creation Unit Size aggregations or multiples thereof.

l. Surveillance

Exchange surveillance procedures applicable to trading in the proposed iShares MSCI Index Funds are the same as those applicable to iShares currently trading on the Exchange.

(2) Statutory Basis

The Amex believes that the proposed rule change is consistent with Section 6(b) of the Act,¹⁴ in general, and furthers the objectives of Section 6(b)(5),¹⁵ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transaction in securities, and, in general to protect investors and the public interest.

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

The proposed rule change will impose no 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 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 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. In particular, the Commission requests comments on the market capitalization of the proposed iShares MCSI Index Funds. 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 File No. Amex-00-29 and should be submitted by September 7, 2000.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁶

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 00-20886 Filed 8-16-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43146; File No. SR-Amex-00-31]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the American Stock Exchange LLC Amending the Alternative Listing Criteria of Section 101(b) of the Amex Company Guide

August 10, 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 30, 2000, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and

¹⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

¹² See Securities Exchange Act Release No. 29063 note 9 (April 10, 1991), 56 FR 15652 (April 17, 1991) (order approving File No. SR-Amex-90-31 regarding Exchange designation of equity derivative securities as eligible for treatment under Amex Rule 154, Commentary .04(c)).

¹³ See Amex Rule 918C.

¹⁴ 15 U.S.C. 78f(b).

¹⁵ 15 U.S.C. 78f(b)(5).