

her automatic execution threshold, he or she may do so using this function.

Next, the Commission believes that the Exchange's proposal to allow Nasdaq/NM specialists to switch from automatic execution mode to a manual execution mode in the event of unusual trading situations if they comply with certain requirements will also provide specialists with adequate protection in the event of large order imbalances and/or significant price volatility, or other unusual trading situations.¹² The proposed rule requires that upon switching to manual execution mode based on the existence of unusual trading conditions, a specialist must: (1) document the basis for election of manual execution mode; (2) disclose to its customers the differences in procedures from normal market conditions and the circumstances under which the specialist generally may activate manual execution mode; and (3) seek permission to switch to manual execution mode from two floor officials. The Commission believes the proposed rule adequately balances the concern that specialists not be required to offer automatic executions under truly unusual circumstances with the concern that investors who reasonably expect to receive an automatic execution pursuant to Exchange rules and policies actually receive an automatic execution. The Commission believes that with the aforementioned requirements prior to switching from automatic to manual executions, both specialists and investors will be protected in the event of unusual market conditions.

IV. Conclusion

It Is Therefore Ordered, pursuant to Section 19(b)(2) of the Act,¹³ that the proposed rule change (SR-CHX-00-20) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Margaret H. McFarland,

Deputy Secretary.

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¹² The Commission expects the Exchange to keep records of instances when specialists are permitted to switch to a manual execution mode so that the Exchange and the Commission can monitor the use of this option.

¹³ 15 U.S.C. 78f(b)(2).

¹⁴ 17 CFR 200.30-3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43457; File No. SR-NSCC-00-12]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Proposed Rule Change Relating the Submission of Extended Corrections in Fund/Serv

October 17, 2000.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on August 28, 2000, the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") and on October 16, 2000, amended the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by NSCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

The proposed rule change will modify NSCC's rules to allow Fund Members and Mutual Fund Processors to submit extended (post settlement) corrections in NSCC's Fund/Serv.

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

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

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

Pursuant to NSCC's Rule 52A, Section 12, only a Settling Member or TPA Member may currently submit extended (post settlement) correction instructions. These types of instructions are submitted when a Settling Member or TPA Member determines that data

previously transmitted to a Fund Member or Mutual Fund Processor with respect to a settled order is in need of correction.³

Under the proposed rule change, Section 12 will be amended to also permit Fund Members and Mutual Fund Processors to submit extended (post settlement) corrections to Settling Members or TPA Members. No action will be required by a Settling Member or TPA Member if it determines to accept the extended correction of a Fund Member or Mutual Fund Processor. A Settling Member or TPA Member will be able to reject the extended correction instruction within the time frame established by NSCC.⁴ In addition, Section 12 will be revised to permit extended corrections for exchange orders.

The rule change also proposes to make two additional changes to Rule 52A. Sections 4 and 8 of Rule 52A will be amended to allow NSCC to delete certain orders, corrections, and extended corrections that have not been confirmed or rejected, respectively, within a time frame established by NSCC. Section 21 will permit NSCC to reduce the maximum time frame within which a Delivering Fund Member must confirm the value of Fund/Serv eligible mutual fund shares, investment funds, or UIT units from sixty days to ten days.⁵

NSCC intends to implement these changes, subject to SEC approval, on November 20, 2000.

NSCC believes the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act and the rules thereunder because it will facilitate the prompt and accurate clearance and settlement of securities transactions.

³ Securities Exchange Act Release No. 31937 (March 1, 1993), 58 FR 12609 [SR-NSCC-92-14] (order approving post settlement correction initiated by Settling Members and TPA Members).

⁴ NSCC will issue an "Important Notice" at least 30 days prior to implementing changes in the time frames required for rejections of extended corrections. Telephone conversation with Richard J. Paley, Associate Counsel, NSCC (October 16, 2000).

⁵ Pursuant to Section 21 of Rule 52A, a Fund Member or Mutual Fund Processor ("Receiving Fund Member") may initiate a request for the transfer of a customer's mutual fund shares, investment fund, or UIT units from another Fund Member or Mutual Fund Processor ("Delivering Fund Member"). The Delivering Fund Member must acknowledge or reject the transfer request within two business days. Once the transfer is acknowledged, the Delivering Fund Member must also confirm the value of the shares to be transferred within the time frame specified under Section 21. Under the proposed rule change, a Delivering Fund Member must submit the confirmation no earlier than one business day and no later than ten business days after acknowledging the transfer.

¹ 15 U.S.C. 78s(b)(1).

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

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

NSCC 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

The Investment Company Institute's Enhancement Subcommittee of its Broker/Dealer Committee was advised of and concurs in the modifications to NSCC's rules. No written comments relating to the proposed rule change have been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

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 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 NSCC. All submissions should

refer to File No. SR-NSCC-00-12 and should be submitted by November 14, 2000.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 00-27237 Filed 10-23-00; 8:45 am]

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SOCIAL SECURITY ADMINISTRATION**Office of the Commissioner****Cost-of-Living Increase and Other Determinations for the Year 2001**

AGENCY: Social Security Administration.
ACTION: Notice.

SUMMARY: The Commissioner has determined—

(1) A 3.5 percent cost-of-living increase in Social Security benefits under title II of the Social Security Act (the Act), effective for December 2000;

(2) An increase in the Federal Supplemental Security Income (SSI) monthly benefit amounts under title XVI of the Act for 2001 to \$530 for an eligible individual, \$796 for an eligible individual with an eligible spouse, and \$266 for an essential person;

(3) The national average wage index for 1999 to be \$30,469.84;

(4) The Old-Age, Survivors, and Disability Insurance (OASDI) contribution and benefit base to be \$80,400 for remuneration paid in 2001 and self-employment income earned in taxable years beginning in 2001;

(5) For beneficiaries under age 65, the monthly exempt amount under the Social Security retirement earnings test for taxable years ending in calendar year 2001 to be \$890;

(6) The dollar amounts ("bend points") used in the benefit formula for workers who become eligible for benefits in 2001 to be \$561 and \$3,381;

(7) The dollar amounts ("bend points") used in the formula for computing maximum family benefits for workers who become eligible for benefits in 2001 to be \$717, \$1,034, and \$1,349;

(8) The amount of earnings a person must have to be credited with a quarter of coverage in 2001 to be \$830;

(9) The "old-law" contribution and benefit base to be \$59,700 for 2001;

(10) The monthly amount of substantial gainful activity applicable to statutorily blind individuals in 2001 to be \$1,240;

(11) Coverage thresholds for 2001 to be \$1,300 for domestic workers and \$1,100 for election workers; and

(12) The OASDI fund ratio to be 215.4 percent for 2000.

FOR FURTHER INFORMATION CONTACT:

Jeffrey L. Kunkel, Office of the Chief Actuary, Social Security Administration, 6401 Security Boulevard, Baltimore, MD 21235, (410) 965-3013. For information on eligibility or claiming benefits, call 1-800-772-1213. Information relating to this announcement is available on the Internet at <http://www.ssa.gov/OACT/COLA/index.html>.

SUPPLEMENTARY INFORMATION: In accordance with the Act, the Commissioner must publish within 45 days after the close of the third calendar quarter of 2000 the benefit increase percentage and the revised table of "special minimum" benefits (section 215(i)(2)(D)). Also, the Commissioner must publish on or before November 1 the national average wage index for 1999 (section 215(a)(1)(D)), the OASDI fund ratio for 2000 (section 215(i)(2)(C)(ii)), the OASDI contribution and benefit base for 2001 (section 230(a)), the amount of earnings required to be credited with a quarter of coverage in 2001 (section 213(d)(2)), the monthly exempt amounts under the Social Security retirement earnings test for 2001 (section 203(f)(8)(A)), the formula for computing a primary insurance amount for workers who first become eligible for benefits or die in 2001 (section 215(a)(1)(D)), and the formula for computing the maximum amount of benefits payable to the family of a worker who first becomes eligible for old-age benefits or dies in 2001 (section 203(a)(2)(C)).

Cost-of-Living Increases

General. The cost-of-living increase is 3.5 percent for benefits under titles II and XVI of the Act. Under title II, OASDI benefits will increase by 3.5 percent beginning with December 2000 benefits, payable in January 2001. This increase is based on the authority contained in section 215(i) of the Act (42 U.S.C. 415(i)).

Under title XVI, Federal SSI payment levels will also increase by 3.5 percent effective for payments made for the month of January 2001 but paid on December 29, 2000. This is based on the authority contained in section 1617 of the Act (42 U.S.C. 1382f).

Automatic Benefit Increase Computation. Under section 215(i) of the Act, the third calendar quarter of 2000 is a cost-of-living computation

⁶ 17 CFR 200.30-3(a)(12).