

effective as of the date of Commission approval of the proposed rule change.⁸

2. Statutory Basis

The Phlx believes that the proposed rule change is consistent with Section 6 of the Act,⁹ and in particular Section 6(b)(5) thereof,¹⁰ in that it is designed to promote just and equitable principles of trade by enabling investors and traders of Euro FCO contracts to manage the foreign currency risks with respect to the Euro more effectively.

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

The Phlx 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

The Phlx neither solicited nor received any written comments.

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 Phlx 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 Room. Copies of such filing will also be available for inspection and copying at the principal office of the Phlx. All submissions should refer to File No. SR-Phlx-00-66 and should be submitted by December 12, 2000.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43546; File No. SR-Phlx-00-47]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. ("Phlx") Relating to Requirement That Certain Members and Member Organizations for Whom the Phlx is the Designated Examining Authority Give Prior Written Notice to the Phlx's Examinations Department of Any Changes in Business Operation

November 9, 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 November 3, 2000, the Philadelphia Stock Exchange, Inc. ("Phlx" 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 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 Phlx proposes to adopt Rule 610 to require that members and member organizations for which the Exchange is the Designated Examining Authority ("DEA"), that operate as a specialist, floor broker and/or Registered Options Trade ("ROT") and that have changed

their business operations, or engaged in new business (for example, an ROT engages in off-floor proprietary trading), which materially affects the net capital, examinations and registration requirements to which the member or member organization is subject, to provide prior written notice to the Exchange's Examinations Department of any such changes in business operations. Below is the complete text of the proposed rule change. Proposed new text is in *italics*.

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Philadelphia Stock Exchange, Inc.

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Regulation of Members and Member Organizations

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Rule 610. Notification of Changes in Business Operations

Any member or member organization for which the Exchange is the Designated Examining Authority ("DEA"), that operates as a specialist, floor broker and/or Registered Options Trader ("ROT"), shall provide prior written notification to the Examinations Department of any change in the business operations of such member or member organization which would cause the member or member organization to be subject to additional or modified net capital requirements, examination schedules or other registration, examination or regulatory requirements.

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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 purpose of the proposed rule is to provide notification to the Exchange's Examinations Department of changes in the business operations of member and

⁸ Telephone conversation between Richard Rudolph, Counsel, Phlx, and Hong-Anh Tran, Special Counsel, Division of Market Regulation, Commission, October 25, 2000.

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

member organizations to bolster the examinations function. Specifically, pursuant to Section 19(g)(1) of the Act,³ self-regulatory organizations (“SROs”) are required to enforce member compliance with the provisions of the Act and the SRO’s own rules. Conducting cycle examinations of member firms for whom they are DEA is one method used by SROs to assess such compliance. Currently, the Phlx conducts examinations of its member firms on a periodic basis. The type of business a firm conducts is determinate of the interval between examinations as to any one particular firm. For example, the Phlx may examine specialist firms and proprietary trading firms annually, floor brokerage firms once every other year and ROTs once every three years. If a Phlx member would change its business operations, the change may affect the examination cycle for that particular firm. Further, new business operations often trigger both subtle changes in various regulatory requirements as well as larger issues of applicability of new provisions and obligations of which a firm may not be aware.

As stated above, the proposed rule change would require any member or member organization operating as a specialist, floor broker, and/or ROT and whose DEA is the Phlx, to notify, in writing, the Phlx Examinations Department of any change in its business operations which would cause it to be subject to additional or modified net capital requirements. The Examinations Department could then adjust the examination cycle as to the particular firm, as well as to advise such firm of new reporting and net capital requirements, if applicable. This information will also assist the Examinations Department in better focusing its examinations.

The Exchange believes that the proposed rule change should facilitate more efficient and effective periodic and systematic assessment of its member firms’ compliance with the Act, consistent with its mandate under Section 19(g) of the Act.

2. Statutory Basis

The Phlx believes that the proposal is consistent with Section 6 of the Act,⁴ in general, and furthers the objectives of Section 6(b)(1) of the Act⁵ in particular, in that it is designed to ensure that Phlx is so organized and has the capacity to be able to carry out the purposes of the Act and to comply, and 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 Phlx. The proposed rule change is also consistent with Section 6(b)(5) of the Act,⁶ in that it is designed to ensure member firm compliance with federal securities laws and the rules of the Phlx, which should protect investors and the public interest.

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

The Phlx 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 either solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act⁷ and Rule 19b-4(f)(6) thereunder⁸ because the rule change will become operative 30 days after the date of filing with the Commission, and because this proposal: (i) Does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) the Exchange provided written notice to the Commission with a brief description and the text of the proposed rule change on July 12, 2000. At any time within 60 days of this filing, the Commission may summarily abrogate this proposal 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, view 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 at 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 Phlx. All submissions should refer to File No. SR-Phlx-00-47 and should be submitted by December 12, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43558; File No. SR-Phlx-00-85]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 by the Philadelphia Stock Exchange, Inc. Relating to Equity Option Transaction Charges For Broker-Dealers and Firms

November 14, 2000.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”), 15 U.S.C. 78s(b)(1), notice is hereby given that on November 3, 2000, the Philadelphia Stock Exchange, Inc. (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the amended proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange.¹ On October 4, 2000, the Phlx filed the original proposed rule change. 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 Phlx, pursuant to Rule 19b-4 of the Act, proposes to adopt a \$.20 equity

⁹ 17 CFR 200.03-3(a)(12).

¹ See Amendment No. 1 dated November 2, 2000 from Cynthia K. Hoekstra, Philadelphia Stock Exchange to Madge M. Hamilton, Esq., Division of Market Regulation, SEC (“Amendment No. 1”). This release incorporates all changes made in Amendment No. 1.

³ See 15 U.S.C. 78s(g)(1).

⁴ 15 U.S.C. 78f.

⁵ 15 U.S.C. 78f(b)(1).

⁶ 15 U.S.C. 78f(b)(5).

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f)(6).