

to one. The shareholders have elected all six of the Company's current directors. If the Company were to add two Disinterested Directors, the Company would not be required to seek shareholder approval to comply with section 16(a) of the Act, which requires that at least two-thirds of a fund's directors be elected by shareholders. The Company would be vulnerable to the possibility of having to unexpectedly call a shareholders' meeting that it would not otherwise have to call in the event of the death or resignation of a director. If the Company were instead to reduce the number of Interested Directors from two to one, it would reduce the size of its board by over sixteen percent. Applicants submit that reconstitution of the Company's board would serve no public interest, and may be contrary to the interests of shareholders of the Company.

5. For the reasons stated above, applicants submit that the requested relief is necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 00-30371 Filed 11-28-00; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43607; File No. 265-22]

### Advisory Committee on Market Information

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Notice of meeting of the Securities and Exchange Commission Advisory Committee on Market Information.

**SUMMARY:** The second meeting of the Securities and Exchange Commission Advisory Committee on Market Information ("Committee") will be held on December 14, 2000, in the William O. Douglas Room, at the Commission's main offices, 450 Fifth Street, N.W., Washington, DC., beginning at 1:00 p.m. The meeting will be open to the public, and the public is invited to submit written comments to the Committee.

**ADDRESSES:** Written comments should be submitted in triplicate and should refer to File No. 265-22. Comments should be submitted to Jonathan G.

Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, DC 20549-0609.

**FOR FURTHER INFORMATION CONTACT:** Anitra Cassas, Special Counsel, Division of Market Regulation, at 202-942-0089; Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, DC 20549-1001.

**SUPPLEMENTARY INFORMATION:** In accordance with Section 10(a) of the Federal Advisory Committee Act, 5 U.S.C. App. 10a, and the regulations thereunder, the Designated Federal Official of the Committee, David S. Shillman, has ordered publication of this notice that the Committee will conduct a meeting on December 14, 2000, in the William O. Douglas Room at the Commission's main offices, 450 Fifth Street, N.W., Washington, DC., beginning at 1:00 p.m. The meeting will be open to the public. This will be the second meeting of the Committee. The purpose of this meeting will be to discuss appropriate models for consolidating and disseminating market information, and other issues relating to the public availability of market information in the equities and options markets.

Dated: November 21, 2000.

**Jonathan G. Katz,**  
*Secretary.*

[FR Doc. 00-30370 Filed 11-28-00; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43587; File No. SR-Amex-00-23]

### Self Regulatory Organizations; Order Granting Accelerated Approval to Proposed Rule Change by the American Stock Exchange LLC Relating to Member Firm Transactions with Exchange Employees

November 17, 2000.

#### I. Introduction

On April 13, 2000, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), 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> a proposed rule change to amend certain Amex rules relating to member firm transactions with Amex employees. On September 25, 2000, the Amex filed Amendment No. 1 to the

proposal.<sup>3</sup> The proposed rule change was published for comment in the **Federal Register** on October 31, 2000.<sup>4</sup> No comments were received on the proposal. This order approves the proposal rule change, as amended, on an accelerated basis.

#### II. Description of the Proposal

The Exchange proposes to amend Amex Rule 15 (Loans by Exchange Officers) and Amex Rule 416 (Accounts of Employees of Exchange and Members), to delete Amex Rule 348 (Gratuities to Employees of Exchange), and to add new Amex Rule 417 (Transactions Involving Exchange Employees).<sup>5</sup>

##### A. Member Loans to Exchange Employees

The NASD Code of Conduct generally prohibits NASD and Amex employees from accepting loans from members, issuers, or any person with whom the NASD or Amex transacts business.<sup>6</sup> Amex Rule 15 also prohibits Exchange employees from accepting loans from members without prior written approval of the Exchange, but does not specifically prohibit members from making those loans to Exchange employees.

The SEC staff has recommended that the Amex adopt a rule expressly prohibiting members from making loans to Amex employees, outside routine brokerage or banking relationships.<sup>7</sup> The Amex therefore proposes to amend Amex Rule 15 to expressly provide that no member shall make a loan to an Exchange employee without prior approval of the Amex board of Governors. The Amex also proposes to adopt new Amex Rule 417(b), which prohibits members from making loans to Exchange employees outside of disclosed, routine banking and

<sup>3</sup> Letter from Bruce Ferguson, Associate General Counsel, Legal & Regulatory Policy, Amex, to Jack Drogin, Assistant Director, Division of Market Regulation, Commission, September 25, 2000 ("Amendment No. 1"). Amendment No. 1 made a technical revision to the text of Amex Rule 417.

<sup>4</sup> Securities Exchange Act Release No. 43468 (October 20, 2000), 65 FR 65034 (October 31, 2000).

<sup>5</sup> The NASD filed a proposed rule change to adopt a new rule very similar to new Amex rule 471 (SR-NASD-00-50). See Securities Exchange Act Release No. 43580 (November 17, 2000).

<sup>6</sup> NASD Code of Conduct, Section IX, Paragraph C.3.

<sup>7</sup> See Letter from Lori Richards, Director, OCIE, SEC to Richard Syron, Chairman and Chief Executive Officer, Amex, November 6, 1998. The SEC recommendation that the Amex adopt a rule prohibiting members from making loans to Exchange employees was made as a result of an SEC examination of all SRO conflict of interest policies. The SEC staff's recommendation arose from a 1996 incident in which an Amex member made a \$70,000 loan to an Amex floor employee.

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

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

brokerage agreements. Consistent with existing NASD Code of Conduct provisions, the prohibition on member loans to Exchange employees in new Amex Rule 417(b) would not apply to loans that are clearly motivated by a family or personal relationship. Thus, for example, a registered representative would not be precluded from making a personal loan to an adult child who works at the Amex.

#### *B. Brokerage Accounts of Exchange Employees*

The NASD Code of Conduct requires disclosure of all security and commodity accounts that an employee maintains and accounts in which an employee has a financial interest or controls trading.<sup>8</sup> Employees are required to instruct the institutions where such accounts are maintained to provide duplicate account statements (but not confirmations) to the NASD Office of General Counsel, which records transaction information in a database

Commentary .01 to Amex Rule 416 currently requires members to obtain the Exchange's prior written approval before opening an account for an Exchange employee and to provide duplicate confirmations and statements to the Exchange. To conform Amex rules to the NASD Code of Conduct, the Exchange approval requirement for the opening of accounts and the requirement to furnish duplicate confirmations are being deleted. The requirement to provide duplicate statements to the Exchange is being retained. The Amex also proposes to adopt new Amex Rule 417(a), which provides that when a member has actual notice that an Exchange employee has a financial interest in an account or controls trading in an account, duplicate account statements shall be provided by the member to the Exchange.

#### *C. Member Gifts to Exchange Employees*

Currently under Amex Rule 348, Amex members must obtain approval from the Corporate Secretary's Office before giving an Exchange employee gifts valued at over \$50 per year. The Secretary's Office does not approve gifts that exceed the \$50 threshold for employees in the Exchange's Member Firm Regulation area. There is no such pre-approval mechanism, however, under the NASD Code of Conduct.<sup>9</sup>

To conform Amex rules to the NASD Code of Conduct, Amex Rule 348

(Gratuities to Employees of Exchange) would be deleted and replaced with new Amex Rule 417(c), a provision that parallels the NASD Code of Conduct. New Amex Rules 417(c) permits members to give non-cash business gifts with an aggregate annual value of \$100 to Exchange employees when no conflict of interest exists, but prohibits members from giving business gifts or courtesies of more than nominal value to any Exchange employee who has responsibility for a specific regulatory matter that involves the member. A "regulatory matter" would include such matters as examinations, disciplinary proceedings, membership applications, listing applications, delisting proceedings, and dispute resolution proceedings involving the member. The proposed rule would permit members to give items of nominal value to employees responsible for regulatory matters affecting the member.

#### **III. Discussion**

The Commission has reviewed carefully the Amex's proposed rule change and believes, for the reasons set forth below,<sup>10</sup> the proposal is consistent with the requirements of Section 6 of the Act<sup>11</sup> and the rules and regulations thereunder applicable to a national securities exchange. Specifically, the Commission believes the proposal is consistent with Section 6(b)(5) of the Act.<sup>12</sup> Section 6(b)(5) requires that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts and practices, to remove impediments to and perfect the mechanism of a free and open market, and, in general, to protect investors and the public interest. The proposed rule change is based upon recommendations made by SEC staff following an inspection of the ethical conduct and conflicts of interest rules, policies, and procedures of the Exchange. The amendments to the rules are designed to promote a high level of professional and personal ethical conduct by Exchange members and employees and to ensure that Exchange members and employees do not place their own personal and financial interests above the regulatory interests of the Exchange. The proposal also helps to bring the Amex's conflict of interest and ethical conduct provisions in line with those of the NASD and helps eliminate any confusion regarding the application of

these provisions to employees of both self-regulatory organizations.

The Commission finds good cause for approving the proposed rule change (SR-Amex-00-23) prior to the thirtieth day after the date of publication of notice thereof in the **Federal Register**. The Commission notes that Amex employees have become subject to the NASD Code of Conduct as of October 2000.<sup>13</sup> The Commission has not received any comments in response to the filing of the proposed rule change.

#### **IV. Conclusion**

For the foregoing reasons, the Commission finds that the proposal is consistent with the requirements of the Act and rules and regulations thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2)<sup>14</sup> of the Act, that the proposed rule change (SR-Amex-00-23), as amended, is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>15</sup>

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

[FR Doc. 00-30377 Filed 11-28-00; 8:45 am]

**BILLING CODE 8010-01-M**

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-43582; File No. SR-Amex-99-27]

### **Self-Regulatory Organizations; American Stock Exchange LLC; Order Approving Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval of Amendment Nos. 1 and 2 to the Proposed Rule Change Relating to Amex Rule 462, "Minimum Margins"**

November 17, 2000.

#### **I. Introduction**

On July 23, 1999, the American Stock Exchange LLC ("Amex" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), 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> a proposed rule change to amend Amex Rule 462, "Minimum Margins," to revise the margin requirements for stock options and stock index options. The proposed rule

<sup>10</sup> In approving this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>11</sup> 15 U.S.C. 78f.

<sup>12</sup> 15 U.S.C. 78f(b)(5).

<sup>13</sup> See SR-NASD-00-58.

<sup>14</sup> 15 U.S.C. 78s(b)(2).

<sup>15</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.

<sup>8</sup> NASD Code of Conduct, Section VIII, Paragraph C.

<sup>9</sup> NASD Code of Conduct, Section IX, Paragraph B.1.