

direct marketing and therefore deliver their own prospectuses. The Commission estimates that each direct-marketed mutual fund will spend an average of 20 hours per year complying with the notice requirement of the rule, for a total of 10,900 hours. The Commission estimates that each direct-marketed fund will also spend 1 hour complying with the explanation of the right to revoke requirement of the rule, for a total of 545 hours. The Commission estimates that as of year-end 1998, there were approximately 300 broker-dealers that carry customer accounts and, therefore, may be required to deliver mutual fund prospectuses. The Commission estimates that each affected broker-dealer will spend, on average, approximately 20 hours complying with the notice requirement of the rule, for a total of 6,000 hours. Each broker-dealer will also spend 1 hour complying with the annual explanation of the right to revoke requirement, for a total of 300 hours. Therefore, the total number of respondents for rule 154 is 845 (545 mutual funds plus 300 broker-dealers), and the estimated total hour burden is 17,745 hours (11,445 hours for mutual funds plus 6,300 hours for broker-dealers).

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act, and is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms.

Compliance with the collection of information requirements of the rule is necessary to obtain the benefit of relying on the rule. Responses to the collections of information will not be kept confidential. The rule does not require these records be retained for any specific period of time. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

Please direct general comments regarding the above information to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, D.C. 20503; and (ii) Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Comments must be submitted to OMB within 30 days after this notice.

Dated: December 12, 2000.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-32648 Filed 12-21-00; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43727; File No-CBOE-00-65]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by Chicago Board Options Exchange, Inc. to Extend the Pilot Period Relating to the Processing of Live Ammo Orders Until January 31, 2001

December 14, 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 December 7, 2000, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule changes as described in Items I, II, and III below, which Items have been prepared by the CBOE. 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 extend, until January 31, 2001, the pilot program that allows an Order Book Official ("OBO") or a Designated Primary Market-Maker ("DPM") to designate certain booked orders to be electronically executed. The text of the proposed rule change is available at the Office of the Secretary, CBOE 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, CBOE 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 the statements may be examined at the places specified in Item IV below. The CBOE prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

1. Purpose

On February 2, 2000, the Commission approved, on a pilot basis, a system change that allows an OBO or a DMP to reroute orders on the electronic book screen that displays market orders and limit orders that improve the market ("Live Ammo") to the Retail Automatic Executive System ("RAES"), if the orders are RAES-eligible.³ The pilot, which was originally scheduled to expire on October 31, 2000, was extended to expire on December 15, 2000.⁴

The Exchange now proposes to extend the pilot until January 31, 2001. An extension of the pilot will permit consideration of the Exchange's proposal to adopt the Live Ammo to RAES processing system on a permanent basis.⁵ The Exchange believes that the proposed extension of the pilot until January 31, 2001 will permit the benefits of Live Ammo to RAES system to remain in place while the Commission considers the Exchange's proposal to permanently adopt the system.

2. Basis

The Exchange believes that because the Live Ammo to RAES processing system has provided for the more timely execution of marketable orders, the proposed rule change is consistent with Section 6(b) of the Act,⁶ in general, and furthers the objectives of Section 6(b)(5),⁷ in particular, because it would foster cooperation and coordination with persons engaged in regulating, clearing, settling, and processing information with respect to, and facilitating transactions in securities, and would remove impediments to and perfect the mechanism of a free and open market in manner consistent with the protection of investors and the public interest.

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

CBOE does not believe that the proposed rule change will impose any burden on competition not necessary or

³ Securities Exchange Act Release No. 42379, 65 FR 6665 (February 10, 2000). The Exchange rule pertaining to the processing of Live Ammo orders is CBOE Rule 7.4(g).

⁴ Securities Exchange Act Release No. 43499 (October 31, 2000) 65 FR 67023 (November 8, 2000).

⁵ See Securities Exchange Act Release No. 43646 (November 30, 2000), 65 FR 77403 (December 11, 2000).

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

appropriate in furtherance of purposes of the Act.

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

Because the proposed rule change: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) does not become operative for 30 days from the date of filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to section 19(b)(3)(a) of the Act⁸ and Rule 19b-4(f)(6)⁹ thereunder.¹⁰

A proposed rule change filed under Rule 19b-4(f)(6)¹¹ normally does not become operative prior to 30 days after the date of filing. However, Rule 19b-4(f)(6)(ii)¹² permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange seeks to have the proposed rule change become operative immediately in order to allow the pilot to continue in effect on an uninterrupted basis.

The Commission, consistent with the protection of investors and the public interest, has determined to make the proposed rule change operative immediately through January 31, 2001. The extension of the pilot will provide the Commission with the time necessary to review and evaluate the Exchange's proposal to permanently adopt the Live Ammo to RAES system. The Commission notes that unless the pilot is extended, the Pilot will expire on December 15, 2000, which the Commission believes could result in confusion regarding how orders on the Live Ammo screen should be handled. Therefore, the Commission believes that it is in the public interest to extend the pilot.

Based on these reasons, the Commission believes that it is consistent with the protection of investors and the public interest that the proposed rule change become operative immediately through January 31, 2001.¹³ At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears 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, 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 CBOE. All submissions should refer to File No. SR-CBOE-00-65 and should be submitted by January 12, 2001.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-32654 Filed 12-21-00; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43718; File No. SR-NASD-00-36]

Self-Regulatory Organizations; The National Association of Securities Dealers, Inc.; Order Approving Proposed Rule Change Relating to Options Position Reporting Requirements and Application of Options Position and Exercise Limits to Trades With Non-member Brokers and Dealers

December 13, 2000.

I. Introduction

On June 14, 2000, the National Association of Securities Dealers, Inc. ("NASD" or "Association"), through its wholly owned subsidiary, NASD Regulation, Inc. ("NASD Regulation"), submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to apply options position reporting requirements and options position and exercise limits to trades with non-member brokers and dealers.

The proposed rule change was published for comment in the **Federal Register** on September 7, 2000.³ No comments were received. This order approves the proposal.

II. Description of the Proposal

Presently, the NASD's options position limits, exercise limits, and reporting requirements, Rules 2860(b)(3), 2860(b)(4) and 2860(b)(5), respectively, apply to: (1) Account in which a member has an interest; (2) an account in which a member's partner, officer, director or employee has an interest, or (3) a customer account.

However, the NASD's definition of "customer" excludes a broker or dealer; therefore, non-member brokers and dealers are currently outside the scope of these rules. To bring non-member brokers and dealers within the purview of NASD Rule 2860, the NASD proposed to amend the rule to: (1) Require members to report the options positions that they effect for non-member brokers and non-member dealers where such positions meet the reporting thresholds under NASD rules; (2) apply the NASD's options position and exercise limits to members that effect trades for

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(6).

¹⁰ As required under rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change at least five business days prior to the filing date.

¹¹ 17 CFR 240.19b-4(f)(6).

¹² 17 CFR 240.19b(f)(6)(iii).

¹³ For purposes only of accelerating the operative date of this proposal, the Commission has considered the rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 43220 (August 29, 2000), 65 FR 54334.