

based," at least a majority of the shares of stock or shares of stock underlying options awarded under a plan during any three year period must be awarded to employees who are not officers or directors of the company. Naturally, this refers to periods of three consecutive years, and is a continuing requirement that should be applied on a rolling three-year basis by plans with terms longer than three years. In the event that a plan is implemented with a stated term shorter than three years, awards should be made in a way that would meet the rule criteria during such shorter period.

## 2. Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>8</sup> which requires, among other things, that an exchange's rules be designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

### *C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others*

The Exchange has neither solicited nor received written comments on the proposal.

## 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.

In this regard, the Exchange consents to an extension of the time period for

Commission action to February 28, 2001.

## IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the amendment is consistent with the requirements of the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-06009. 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 NYSE. All submissions should refer to File No. SR-NYSE-00-32 and should be submitted by February 23, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>9</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43880; File No. SR-NYSE-00-63]

### **Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the New York Stock Exchange, Inc. Relating to the Expansion of the Maximum Share Size Parameter for Single Orders Entered Into the SuperDot System**

January 23, 2001.

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> notice is hereby given that on December 29, 2000, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described

in Items I, II and III below, which Items have been prepared by the Exchange. On January 10, 2001, the Exchange amended its proposal.<sup>3</sup> Pursuant to rule 19b-4(f)(5),<sup>4</sup> the Exchange has designated this proposal as one effecting a change in an existing order-entry or trading system of a self-regulatory organization that does not: (1) significantly affect the protection of investors or the public interest, (2) impose any significant burden on competition, or (3) significantly have the effect of limiting the access to or availability of the system. As such, the proposed rule change is immediately effective upon the Commission's receipt of this filing, as amended.<sup>5</sup> 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 proposed rule change expands to one million shares the maximum share size parameter for single orders entered into the SuperDot System ("SuperDot System" or "SuperDot").<sup>6</sup>

### **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 and is set forth in Sections A, B, and C below.

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

##### 1. Purpose

The Exchange's SuperDot System provides automated order routing and reporting services to facilitate the timely and effective transmission, execution, and reporting of market and limit orders on the Exchange. Pursuant to Exchange

<sup>3</sup> See Letter from James E. Buck, Senior Vice President and Secretary, NYSE, to Jack Drogin, Assistant Director, Division of Market Regulation, Commission, dated January 10, 2001 ("Amendment No. 1"). In Amendment No. 1, the Exchange reduced the proposed maximum SuperDot System share size parameter from three million shares to one million shares.

<sup>4</sup> 17 CFR 240.19b-4(f)(5).

<sup>5</sup> For purposes of calculating the 60-day abrogation period, the Commission considers the period to begin as of the date the Exchange filed Amendment No. 1, January 10, 2001.

<sup>6</sup> See Amendment No. 1 *supra* note 3.

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>9</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.

Rule 123B(a), members and member organizations may utilize the SuperDot System to transmit orders of such size as the Exchange may specify from time to time.

The purpose of this filing is to amend the maximum share size parameter for single market and limit orders entered into the SuperDot System. Currently, single market orders up to 30,099 shares and single limit orders up to 99,999 shares may be entered into the SuperDot System. The Exchange proposes to increase the maximum order size for both market and limit orders to 1,000,000 shares.<sup>7</sup> The increase in maximum order size would become effective in two stages, with an initial increase to 500,000 shares, followed in six months by an increase to 1,000,000 shares.

The Exchange believes that the proposed increase will provide many benefits to users of the SuperDot System. Specifically, the NYSE believes that the proposal will facilitate openings and closings by increasing the number of shares that can be accommodated, especially in initial public offerings. In addition, the NYSE notes that the proposal will eliminate the need for firms and institutions to break up large orders to make them SuperDot eligible; streamline the cancel and replace process; and eliminate some of the paper from the floor, which will support the goal of having a "paperless" floor. According to the NYSE, the proposed increase will also be compatible with the maximum share size capabilities of the NYSE's Broker Booth Support System. In addition, the NYSE states that the proposal would help to facilitate the electronic capture of orders as required by Exchange Rule 123.<sup>8</sup>

## 2. Statutory Basis

The basis under the Act for the proposed rule change is the requirement under Section 6(b)(5) of the Act<sup>9</sup> that an exchange has rules that are designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition.

### *C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others*

The Exchange has neither solicited nor received written comments on the proposed rule change, not necessary or appropriate in furthering of the purposes of the Act.

### **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 Act and subparagraph (f)(5) of Rule 19b-4 thereunder because it institutes a change in an existing order-entry or trading system that (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 have the effect of limiting access to or availability of the system. Any any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change 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, 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 NYSE.

All submissions should refer to the File No. SR-NYSE-00-63 and should be submitted by February 23, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

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

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## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-43886; File No. SR-NYSE-00-60]

### **Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the New York Stock Exchange, Inc. Amending NYSE Rule 416, Questionnaires and Reports**

January 25, 2001.

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> notice is hereby given that on December 21, 2000, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "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 proposed rule change amends existing NYSE Rule 416 ("Questionnaires and Reports"). The amendment will give the Exchange general authority to require members and member organizations to submit, on an ongoing basis, certain data in a prescribed manner and form. Below is the text of the proposed rule change. Proposed new language is italicized; proposed deletions are in brackets.

\* \* \* \* \*

#### Questionnaires and Reports

Rule 416. (a) Each member and member organization shall submit to the Exchange at such times as may be designated in such form and within such time period as may be prescribed such information as the Exchange deems essential for the protection of investors and the public interest.

(b) Unless a specific temporary extension of time has been granted, there shall be imposed upon each

<sup>7</sup> See Amendment No. 1, *supra* note 3.

<sup>8</sup> See Securities Exchange Act Release No. 43689 (December 7, 2000), 65 FR 79145 (December 18, 2000) (order approving File No. SR-NYSE-98-25).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

<sup>10</sup> 17 CFR 200.30-3(a)(12).

<sup>11</sup> 15 U.S.C. 78s(b)(1).

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