

Medicare program for persons covered by the railroad retirement system.

The RRB utilizes Forms G-790 and G-791 to provide railroad retirement beneficiaries who are claimants for Part B Medicare benefits with the means for requesting the United Healthcare Insurance Company, the RRB's current Medicare carrier, to review claims determinations or to hold hearings on the review determinations. Completion is required to obtain a benefit. One response is requested of each respondent.

The RRB proposes no changes to RRB Forms G-790 and G-791. The completion time for both the G-790 and the G-791 is estimated at 15 minutes.

ADDITIONAL INFORMATION OR COMMENTS:

To request more information or to obtain a copy of the information collection justification, forms, and/or supporting material, please call the RRB Clearance Officer at (312) 751-3363. Comments regarding the information collection should be addressed to Ronald J. Hodapp, Railroad Retirement Board, 844 N. Rush Street, Chicago, Illinois 60611-2092. Written comments should be received within 60 days of this notice.

Chuck Mierzwa,

Clearance Officer.

[FR Doc. 99-10741 Filed 4-28-99; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41322; International Series Release No. 1192; File No. SR-Amex-98-49]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment Nos. 1 and 2 Thereto by the American Stock Exchange LLC. Relating to Listing Additional Series of World Equity Benchmark Shares™

April 22, 1999.

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 23, 1998, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change. The Exchange submitted Amendment No. 1 to its proposal on February 24, 1999,³ and

Amendment No. 2 on April 9, 1999.⁴

The proposal rule change, as amended, is 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, as amended, from interested persons.

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

The Exchange proposes to list and trade under Amex Rules 1000A *et seq.* Index Fund Shares based on the following MSCI Indices: Brazil, Greece, Indonesia (Free), South Korea, Portugal, South Africa, Taiwan, Thailand (Free), Turkey, United States and EMU. The MSCI EMU Index is comprised of companies from countries participating in the EMU.⁵

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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

In Securities Exchange Act Release No. 36947,⁶ the Commission approved Amex's listing and trading of Index Fund Shares under Amex Rules 1000A

Amex Rules 127 and 190, analogized the minimum number of shares per Creation Unit for the proposed WEBS to the number needed for Portfolio Depositary Receipts and Index Fund Shares, and described the Exchange's prospectus delivery requirements. See Restated 19b-4 Filing marked Amendment No. 1 ("Amendment No. 1").

⁴In Amendment No. 2, the Exchange provided a description of the methodology used to calculate the MSCI Indices, discussed the requirements of Amex Rule 411 and the disclosure of the procedure for making purchases and redemption of WEBS, revised its tracking error discussion, and lowered the minimum number of shares needed for Creation Unit. See Letter from Michael Cavalier, Associate General Counsel, Legal & Regulatory Policy, Amex, to Katherine England, Assistant Director, Division of Market Regulation ("Division"), Commission, dated April 8, 1999 ("Amendment No. 2").

⁵See Amendment No. 1, *supra* note 3.

⁶Securities Exchange Act Release No. 36947 (March 8, 1996), 61 FR 10606 (March 14, 1996).

et seq. Index Fund Shares are shares issued by an open-end management investment company that seek to provide investment results that correspond generally to the price and yield performance of a specified foreign or domestic equity market index.

The first Index Fund Shares listed on the Exchange were seventeen series of World Equity Benchmark Shares™ ("WEBS™") issued by Foreign Fund, Inc. (now WEBS Index Fund, Inc.) ("Fund"), based on the following Morgan Stanley Capital International ("MSCI") indices: Australia, Austria, Belgium, Canada, France, Germany, Hong Kong, Italy, Japan, Malaysia, Mexico (Free), Netherlands, Singapore (Free), Spain, Sweden, Switzerland and the United Kingdom.⁷ These WEBS Index Series, which the Commission specifically approved for Amex listing and trading in Securities Exchange Act Release No. 36947,⁸ have been trading on the Amex since March 18, 1996.

The Exchange proposes to list additional WEBS Index Series based on the following MSCI indices: MSCI Brazil Index, MSCI Greece Index, MSCI Indonesia (Free) Index, MSCI South Korea Index, MSCI Portugal Index, MSCI South Africa Index, MSCI Taiwan Index, MSCI Thailand (Free) Index, MSCI Turkey Index, MSCI United States Index and MSCI EMU Index.⁹ Descriptions of the eleven specific indices referenced above have been prepared by the Fund and are available in the public file.

The MSCI EMU Index is comprised of stocks of companies from countries participating in the EMU. Currently, eleven countries are participating in the EMU: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. The MSCI EMU is currently comprised of stocks of companies from ten of these EMU countries (*e.g.*, all of the EMU countries except Luxembourg). MSCI has advised that it may, in accordance with its methodology, change the composition of MSCI EMU in the future, such changes could include adding stock(s) of companies from Luxembourg or from any other

⁷"World Equity Benchmark Shares" and "WEBS" are service marks of Morgan Stanley Group, Inc. "MSCI" and "MSCI Indices" are service marks of Morgan Stanley & Co. Incorporated.

⁸See Securities Exchange Act Release No. 36947, *supra* note 6.

⁹The Fund has filed with the Commission an Application for Orders under Sections 6(c) and 17(b) of the Investment Company Act of 1940 ("1940 Act") as amended, for the purpose of exempting the eleven additional WEBS Index Series referenced herein from various provisions of the 1940 Act and rules thereunder (File No. 812-10756).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³In Amendment No. 1, the Exchange generally added a new Morgan Stanley Capital International ("MSCI") Index based on the European Economic and Monetary Union ("EMU"), added references to

country that becomes a participant in EMU.¹⁰

Issuances of WEBS by the Fund are made only in Creation Unit size aggregations or multiples thereof. The size of the applicable Creation Unit size aggregation will be set forth in the Fund's prospectus and varies from one WEBS Index Series to another, but is generally substantial (e.g., value in excess of \$450,000 per Creation Unit). The Fund issues and sells WEBS through Funds Distributor, Inc. ("Distributor"), the distributor and principal underwriter, on a continuous basis at the net asset value per share next determined after an order to purchase WEBS in Creation Unit size aggregations is received in proper form. Following issuance, WEBS are traded on the Exchange like other equity securities by professionals, as well as retail and institutional investors.

Creation Unit size aggregations of WEBS are generally issued in exchange for the "in kind" deposit of a specified portfolio of securities, together with a cash payment representing, in part, the amount of dividends accrued up to the time of issuance. Such deposits are made primarily by institutional investors, arbitrageurs and the Exchange specialist. Redemption of WEBS is generally made on an in-kind basis, with a portfolio of securities and cash exchanged for WEBS that have been tendered for redemption. Issuances or redemptions could also occur for cash under specified circumstances (e.g., if it is not possible to effect delivery of securities underlying the specific series in a particular foreign country) and at other times in the discretion of the Fund.

The Fund makes available on a daily basis a list of the names and the required number of shares of each of the securities to be deposited in connection with the issuance of a particular WEBS Index Series in Creation Unit size aggregations, as well as information relating to the required cash payment representing, in part, the amount of accrued dividends.

A WEBS Index Series may make periodic distributions of dividends from net investment income, including net foreign currency gains, if any, in an amount approximately equal to accumulated dividends on securities held by the WEBS Index Series during the applicable period, net of expenses and liabilities for such period.

The net asset value for each WEBS Index Series is calculated by the Fund's administrator, PFPC Inc. ("Administrator"). After calculation,

such net asset values are available to the public from the Fund's Distributor via a toll free telephone number, and are also available to National Securities Clearing Corporation ("NSCC") participants through data made available from NSCC.

WEBS are registered in book entry form through The Depository Trust Company. Trading in WEBS on the Exchange is effected until 4:00 p.m. (ET) each business day. The minimum trading increment for WEBS is $\frac{1}{16}$ of \$1.00, pursuant to Amex Rule 127, Commentary .02.¹¹

a. *MSCI Indices.* A description of the methodology used to calculate the MSCI Indices was prepared by MSCI. The methodology is substantially similar to the procedures previously submitted to the Commission in connection with the Exchange's initial proposal to list WEBS. The current description varies from the original description submitted in connection with the Exchange's initial WEBS proposal. As to the changes, the current description expands upon the reasons MSCI believes full market capitalization weighting is preferable to other weighting schemes; expands upon the description of calculating the foreign MSCI "Free" Indices (indices that exclude companies and share classes not purchasable by foreigners based on certain countries' restrictions on foreign ownership); provides specific reasons for excluding large new issues from an Index; and provides factors to be considered in determining which companies should be deleted from an Index.¹² MSCI generally seeks to have 60% of the capitalization of a country's stock market reflected in the MSCI Index for such country, although in some cases, other considerations may result in an MSCI Index reflecting less or more than this percentage.¹³

b. *Shares Per Creation Unit.* It is anticipated that the number of WEBS shares constituting a Creation Unit for each WEBS Index Series will range from 50,000 to 500,000¹⁴ and that the value of a Creation Unit at start of trading for these series will be in excess of \$500,000. The fund will establish a minimum number of WEBS shares per Creation Unit for each Index Series prior to commencement of trading, which minimum will be disclosed in the Fund's prospectus. It is further

anticipated that the net asset value¹⁵ of an individual share will initially range from \$7 to \$25.

Each MSCI Index on which a WEBS Index Series is based is calculated by MSCI for each trading day in the applicable foreign exchange markets based on official closing prices of the applicable foreign exchange markets. For each trading day, MSCI publicly disseminates each index value for the previous day's close. MSCI Indices are reported periodically in major financial publications worldwide, and are also available through vendors of financial information.

There are two broad categories of changes to the MSCI Indices. The first consists of market-driven changes, including mergers, acquisitions and bankruptcies. These are announced and implemented as they occur. The second category consists of structural changes to reflect the evolution of a market that may occur due to changes in industry composition or regulations, among other reasons. Structural changes to MSCI Indices may occur only on four dates throughout the year: the first business day of March, June, September and December. The changes are announced at least two weeks in advance.

As noted in the WEBS prospectus for the initial seventeen WEBS Index Series (Registration No. 33-97598), the investment objective of each WEBS Index Series is to seek to provide investment results that correspond generally to the price and yield performance of public securities traded in the aggregate in particular markets, as represented by specific MSCI benchmark indices. Each WEBS Index Series utilizes a "passive" or indexing investment approach which attempts to approximate the investment performance of its benchmark index through quantitative analytical procedures. Each Index Series has the policy to remain as fully invested as practicable in a pool of securities the performance of which will approximate the performance of the benchmark MSCI Index taken in its entirety.

A WEBS Index Series will normally invest at least 95% of its total assets in stocks that are represented in the relevant MSCI Index and will at all times invest at least 90% of its total assets in such stocks, subject to certain limited exceptions.¹⁶ A WEBS Index

¹¹ *Id.*

¹² See Amendment No. 2, *supra* note 4.

¹³ Telephone conversation between Michael Cavalier, Associate General Counsel, Legal & Regulatory Policy, Amex, and Marc McKayle, Attorney, Division, Commission, on April 14, 1999.

¹⁴ *Id.*

¹⁵ The Exchange expanded the term "NVA." Telephone conversation between Michael Cavalier, Associate General Counsel, Legal & Regulatory Policy, Amex, and Terri Evans, Attorney, Division, Commission, on March 10, 1999.

¹⁶ The WEBS prospectus states that, in order to permit the Advisor additional flexibility to comply

Continued

¹⁰ See Amendment No. 1, *supra* note 3.

Series does not hold all of the issues that comprise the subject MSCI Index, but attempts to hold a representative sample of the securities in the Index utilizing a technique known as "portfolio sampling." As noted in the WEBS prospectus, it is expected that, over time, the "expected tracking error" of a WEBS Index Series relative to the performance of the relevant MSCI Index will be less than 5%.¹⁷ An expected tracking error of 5% means that there is a 68% probability that the net return on the asset values for the Index Series (including dividends and without reflecting expenses) will be between 95% and 105% of the return of the subject MSCI Index after one year without rebalancing the portfolio composition.¹⁸ While no particular level of tracking error is assured, the Fund's advisor, Barclays Global Fund Advisors ("Advisor"), monitors the tracking error of each Index Series on an ongoing basis and seeks to minimize tracking error to the maximum extent possible. Semi-annual and annual reports of the Fund disclose tracking error over the previous six month periods, and in the event that tracking error exceeds 5%, the Fund Board of Directors will consider what action might be appropriate.

c. *Criteria for Initial and Continued Listing.* WEBS are subject to the criteria for initial and continued listing of Index Fund Shares in Amex Rule 1002A. For each of the eleven WEBS Index Series,¹⁹ it is anticipated that a minimum of two Creation Units will be required to be outstanding at the start of trading, with the exception of the United States WEBS Index Series, for which one Creation Unit will be required to be outstanding at commencement of trading (in light of the large size of a

Creation Unit of the United States WEBS Index Series in comparison with the others). It is anticipated that a Creation Unit will consist of 50,000 WEBS except for the United States WEBS Index Series and EMU WEBS Index Series, for which the anticipated minimums are 500,000 and 200,000 WEBS, respectively. The value of a Creation Unit at the start of trading would in all cases be in excess of \$500,000. The proposed minimum number of Creation Units is identical to the minimum applied in connection with the listing of the initial seventeen WEBS Index Series in 1996, except for the Japan WEBS Index Series, for which one Creation Unit was required to be outstanding.²⁰ For the initial WEBS Index Series, the number of shares per Creation Unit ranged from 40,000 (for the Belgium Index Series) to 600,000 (for the Japan Index Series).²¹ The Exchange believes that the proposed minimum number of WEBS outstanding at the start of trading of each WEBS Index Series is sufficient to provide market liquidity and to further the Fund's objective to seek to provide investment results that correspond generally to the price and yield performance of a specified MSCI Index.²²

d. *Dissemination of Indicative Optimized Portfolio Value.* As noted above, MSCI disseminates values for each MSCI Index once each trading day, based on closing prices in the relevant exchange market. In addition, the Fund makes available on a daily basis the names and required number of shares of each of the securities to be deposited in connection with the issuance of WEBS in Creation Unit size aggregations for each WEBS Index Series, as well as information relating to the required cash payment representing, in part, the amount of accrued dividends applicable to such WEBS Index Series. This information is made available by the Fund's Advisor to any NSCC participant requesting such information. In addition, other investors can request such information directly from the Fund's Distributor. The net asset value

for each WEBS Index Series is calculated daily by the Fund's Administrator.

In order to provide updated information relating to each WEBS Index Series for use by investors, professionals and persons wishing to create or redeem WEBS,²³ the Exchange disseminates through the facilities of the Consolidated Tape Association ("CTA") an updated "indicative optimized portfolio value" ("Value") for each of the seventeen WEBS Index Series currently traded as calculated by Bloomberg, L.P. The Exchange will also disseminate a Value for the proposed eleven new WEBS Index Series²⁴ over CTA facilities (Network B) as calculated by a securities information provider ("Value calculator"). It is anticipated that the methodology utilized in connection with the seventeen WEBS Index Series currently traded will also be utilized for the proposed eleven new series. The Value is disseminated on a per WEBS basis every 15 seconds during regular Amex trading hours of 9:30 a.m. to 4:00 p.m. (ET). The equity securities values included in the Value are the values of the designated portfolio of equity securities ("Deposit Securities") constituting an optimized representation of the benchmark MSCI foreign index for each WEBS Index Series, which is the same as the portfolio that is to be utilized generally in connection with creations and redemptions of WEBS in Creation Unit size aggregations on that day. The equity securities included in the Value reflect the same market capitalization weighting as the Deposit Securities in the optimized portfolio for the particular WEBS Index Series. In addition to the value of the Deposit Securities of each WEBS Index Series, the Value includes a cash component consisting of estimated accrued dividend and other income, less expenses. The Value also reflects changes in currency exchange rates between the U.S. dollar and the applicable home country currency.

The Value does not reflect the value of all securities included in the applicable benchmark MSCI index. In addition, the Value does not necessarily reflect the precise composition of the current portfolio of securities held by the Fund for each WEBS Index Series at

with the requirements of the Internal Revenue Code of 1986, as amended, and other regulatory requirements and to manage future corporate actions and index changes in the smaller markets, each of the Australia, Austria, Belgium, Hong Kong, Italy, Mexico (Free), Netherlands, Singapore (Free), Spain, Sweden and Switzerland WEBS Index Series will at all times invest at least 80% of its total assets in such stocks and at least half of the remaining 20% of its total assets in such stocks or in stocks included in the relevant market, but not in the relevant MSCI Index. See Amendment No. 1, *supra* note 3.

¹⁷ This expected tracking error applies to all WEBS Index Series, including the proposed eleven WEBS Index Series and existing WEBS Index Series. See Amendment No. 2, *supra* note 4.

¹⁸ This applies to all WEBS Index Series. See Amendment No. 2, *supra* note 4. The Exchange clarified that there is only a 68%, not 69% as described in Amendment No. 2, probability that the net return on the asset value of the Index Series will be between 95% and 105%. Telephone conversation between Michael Cavalier, Associate General Counsel, Legal & Regulatory Policy, Amex, and Terri Evans, Attorney, Division, Commission, on April 13, 1999.

¹⁹ See Amendment No. 1, *supra* note 3.

²⁰ See Securities Exchange Act Release No. 36947, *supra* note 6.

²¹ See Amendment No. 2, *supra* note 4. The Commission notes that number of shares per Creation Unit for the original WEBS were as follows: Australia—200,000, Austria—100,000, Belgium—40,000, Canada—100,000, France—200,000, Germany—300,000, Hong Kong—75,000, Italy—150,000, Japan—600,000, Malaysia—75,000, Mexico—100,000, Netherlands—50,000, Singapore (Free)—100,000, Spain—75,000, Sweden—75,000, Switzerland—125,000 and United Kingdom—200,000. See Securities Exchange Act Release No. 36947, *supra* note 6.

²² See Amendment No. 2, *supra* note 4.

²³ WEBS cannot be redeemed individually but must be redeemed in Creation Unit size aggregations applicable to the specific WEBS Index Series.

²⁴ Telephone conversation between Michael Cavalier, Assistant General Counsel, Legal & Regulatory Policy, Amex, and Terri Evans, Attorney, Division, Commission, on March 10, 1999.

a particular point in time. Therefore, the Value on a per WEBS basis disseminated during Amex trading hours should not be viewed as a real time update of the net asset value of the Fund, which is calculated only once a day. While the Value disseminated by the Amex at 9:30 a.m. is generally very close to the most recently calculated Fund net asset value on a per WEBS basis,²⁵ it is possible that the value of the portfolio of securities held by the Fund for a particular WEBS Index Series may diverge from the Deposit Securities Values during any trading day. In such case, the Value will not precisely reflect the value of the Fund portfolio. Following calculation of net asset value by the Fund's Administrator as of 4:00 p.m. (ET), the Value on a per WEBS basis can be expected to be the same as the net asset value of the Fund on a per WEBS basis.

However, during the trading day, the Value can be expected to closely approximate the value per WEBS share of the portfolio of securities for each WEBS Index Series except under unusual circumstances (e.g., in the case of extensive rebalancing of multiple securities in a WEBS Index Series at the same time by the Fund Advisor). The circumstances that might cause the Value to be based on calculations different from the valuation per WEBS share of the actual portfolio of an Index Series would not be different than circumstances causing any index fund or trust to diverge from an underlying benchmark index.

The Exchange believes that dissemination of the Value based on the Deposit Securities providing additional information regarding each WEBS Index Series that is not otherwise available to the public and is useful to professionals and investors in connection with WEBS trading on the Exchange or the creation or redemption of WEBS.

- Greece, Indonesia (Free), South Korea, Taiwan, Thailand (Free)

For Greece, Indonesia (Free), South Korea, Taiwan, Thailand (Free), there is no overlap in trading hours between the foreign markets and the Amex. Therefore, for each Index Series, the Value calculator will utilize closing prices (in applicable foreign currency prices) in the principal foreign market for securities in the WEBS portfolio, and convert the price to U.S. dollars. This Value will be updated every 15 seconds

during Amex trading hours to reflect changes in currency exchange rates between the U.S. dollar and the applicable foreign currency. The Value will also include the applicable estimated cash component for each WEBS Index Series.

- Brazil, Portugal, South Africa, Turkey, EMU

For Brazil, Portugal, South Africa, Turkey, and countries included in the WEBS EMU Index,²⁶ which have trading hours overlapping regular Amex trading hours, the Value calculator will update the applicable Value every 15 seconds to reflect price changes in the applicable foreign market or markets,²⁷ and convert such prices into U.S. dollars based on the current currency exchange rate. When the foreign market or markets²⁸ are closed but the Amex is open, the Value will be updated every 15 seconds to reflect changes in currency exchange rates after the foreign markets close.²⁹ The Value will also include the applicable estimated cash component for each Index Series.

- United States

For United States WEBS Index Series, the Value calculator will update the Value at least every 15 seconds, and such Value will include the applicable estimated cash component.

e. *Original and Annual Listing Fees.* The Amex original listing fee applicable to the listing of WEBS Index Series is \$5,000 per WEBS Index Series (i.e., \$55,000 for the eleven WEBS Index Series listed above).³⁰ In addition, the annual listing fee applicable to WEBS Index Series under Section 141 of the Amex *Company Guide* will be based upon the year-end aggregate number of outstanding WEBS in all series, including the seventeen existing series and the additional series proposed herein.

f. *Stop and Stop Limit Orders.* Amex Rule 154, Commentary .04(c) provides that stop and stop limit orders to buy or sell a security (other than an option, which is covered by Amex Rule 950(f) and Commentary thereto) the price of which is derivatively priced based upon another security or index of securities, may with the prior approval of a Floor Official, be elected by a quotation, as set forth in Commentary .04(c)(i-v). The Exchange has designated Index Fund Shares, including WEBS, as eligible for this treatment.³¹

g. *Amex Rule 190.* Amex Rule 190, Commentary .04, applies to Index Fund Shares listed on the Exchange, including WEBS. Commentary .04 states that nothing in Amex Rule 190(a) should be construed to restrict a specialist registered in a security issued by an investment company from purchasing and redeeming the listed security, or securities that can be subdivided or converted into the listed security, from the issuer as appropriate to facilitate the maintenance of a fair and orderly market.³²

h. *Prospectus Delivery.* The Exchange, in an Information Circular to Exchange members and member organizations, will inform members and member organizations, prior to commencement of trading, that investors purchasing WEBS are required to receive a Fund prospectus prior to or concurrently with the confirmation of a transaction therein.³³

i. *Purchases and Redemption in Creation Unit Size.* In the Information Circular, members and member organization will be informed that procedures for purchases and redemptions of WEBS in Creation Unit Size are described in the Fund prospectus and Statement of Additional Information, and that WEBS are not individually redeemable but are redeemable only in Creation Unit Size aggregations or multiples thereof.³⁴

j. *Suitability.* Prior to commencement of trading, the Exchange will issue an Information Circular informing members and member organizations of the characteristics of the specific series and of applicable Exchange rules, as well as of the requirements of Amex Rule 411 (Duty to Know and Approve Customers).³⁵

k. *Trading Halts.* In addition to other factors that may be relevant, the Exchange may consider factors such as those set forth in Amex Rule 918C(b) in exercising its discretion to halt or suspend trading in Index Fund Shares, including WEBS. These factors would include, but are not limited to: (1) the extent to which trading is not occurring in stocks underlying the index; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.³⁶ In addition, trading in WEBS will be halted if the

(regarding Exchange designation of equity derivative securities as eligible for such treatment under Rule 154, Commentary .04(c)).

³² See Amendment No. 1, *supra* note 3.

³³ *Id.*

³⁴ See Amendment No. 2, *supra* note 4.

³⁵ *Id.*

³⁶ See Amex Rule 918C.

²⁵ A slight difference between the Value disseminated at 9:30 a.m. and the most recently calculated Fund net asset value can be expected because the Value will include an estimated cash amount consisting principally of any dividend accruals for the Deposit Securities going "ex-dividend" on that day.

²⁶ See Amendment No. 1, *supra* note 3.

²⁷ *Id.*

²⁸ *Id.*

²⁹ *Id.*

³⁰ *Id.*

³¹ See Securities Exchange Act Release No. 29063 note 9 (April 10, 1991) 56 FR 15652 (April 17, 1991)

circuit breaker parameters under Amex Rule 117 have been reached.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act³⁷ in general and furthers the objectives of Section 6(b)(5)³⁸ in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transaction in securities, and, in general to protect investors and the public interest.

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

The Exchange believes the proposed rule change will impose no burden on competition.

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

The Exchange neither solicited nor received written comments with respect to the proposed rule change.

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 Exchange 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, N.W., Washington, D.C. 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 in Washington, D.C. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-Amex-98-49 and should be submitted by May 20, 1999.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.³⁹

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 99-10760 Filed 4-28-99; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41315; File No. SR-NYSE-98-42]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 to the Proposed Rule Change by the New York Stock Exchange, Inc. To Amend MOC/LOC Order Entry and Cancellation Procedures During a Regulatory Halt

April 20, 1999.

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 25, 1998, 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 March 19, 1999, the Exchange submitted Amendment No. 1 to the proposed rule change.³ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

²⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Letter from Donald Siemer, Director, Market Surveillance, NYSE to Richard Strasser, Assistant Director, Division of Market Regulation ("Division"), SEC, dated March 15, 1999 ("Amendment No. 1"). In Amendment No. 1, the Exchange provided information regarding the Exchange's regulatory trading halt policy and clarified that the Exchange does not seek to amend its regulatory trading halt policy in this proposed rule change.

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

The proposed rule change consists of amendments to the market-on-close ("MOC") and limit-on-close ("LOC") procedures permitting entry and cancellation of MOC/LOC orders after 3:40 p.m. when a regulatory trading halt is in effect.

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

1. Purpose

Cancellation of MOC/LOC Orders During a Regulatory Halt. Under Exchange policy, a trading halt in an Exchange-listed stock may be put into effect when the Exchange determines that a regulatory condition exists in that stock.⁴ The purpose of a regulatory halt is to allow the market the time to absorb and react to the news or market conditions. Trading halts may also be instituted when non-regulatory conditions exist.⁵

Current Exchange procedures⁶ utilized for MOC and LOC orders prohibit Exchange members from

⁴ A regulatory condition may exist if news is pending about the stock or if time is needed for new dissemination about the stock. When instituting a regulatory halt, the Exchange follows procedures contained in the section on Trading Halt and Suspension Procedures of the Consolidated Tape Association Plan, which was filed with the Commission. See Securities Exchange Act Release No. 10787 (May 10, 1994), 39 FR 17799; and Securities Exchange Act Release No. 16983 (July 16, 1980), 45 FR 49414 (July 24, 1980).

⁵ A non-regulatory condition may exist if a stock has an order imbalance of significant size or when there are equipment problems affecting the trading in a stock. See Securities Exchange Act Release No. 38225 (January 31, 1997), 62 FR 5875 (February 7, 1997) and Exchange Information Memo No. 97-23 (May 8, 1997).

⁶ For a description of the Exchange's current procedures see Securities Exchange Act Release No. 40094 (June 15, 1998), 63 FR 38230 (July 15, 1998) and Exchange Information Memo No. 98-20 (June 22, 1998).

³⁷ 15 U.S.C. 78f.

³⁸ 15 U.S.C. 78f(b)(5).