

conditions that apply to the receipt of market information as a nonprofessional subscriber.

For ease of administration, the Network B Participants propose to allow each vendor and broker-dealer to apply the \$1.00 fee for any month in which each nonprofessional subscriber retrieves 134 or more quote packets during the month, without regard to the marginal per-quote rate that the vendor or broker-dealer pays that month (*i.e.*, three-quarters, one-half or one-quarter cent per quote packet). In addition, each vendor may reassess each month to determine which fee is more economical, the per-quote fee or the nonprofessional subscriber fee.

* * * * *

This amendment furthers the objectives of the national market system regarding the dissemination of last sale information delineated in Sections 11A(a)(1)(C), 11A(a)(1)(D) and 11A(a)(3)(B) of the Act.

B. Governing or Constituent Documents

Not applicable.

C. Implementation of Amendment

The Participants have manifested their approval of the proposed amendments to the CTA and CQ Network B rate schedules by means of their execution of the amendments. The rate changes would become effective on the first day of the month that follows the month in which the Commission approves the proposed plan amendments.

D. Development and Implementation Phases

See Item I(C).

E. Analysis of Impact on Competition

The proposed amendments do not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Network B Participants do not believe that the proposed plan amendments introduce terms that are unreasonably discriminatory for the purposes of Section 11A(c)(1)(D) of the Act.

F. Written Understanding or Agreements Relating to Interpretation of, or Participation in, Plan

Not applicable.

G. Approval by Sponsors in Accordance with Plans

In accordance with Section XII(b)(iii) of the CTA Plan and Section IX(b)(iii) of the CQ Plan, each of the Participants has approved the fee reductions.

H. Description of Operation of Facility Contemplated by the Proposed Amendment

Not applicable.

I. Terms and Conditions of Access

See Item I(A) above.

J. Method of Determination and Imposition, and Amount of Fees and Charges

See Item I(A) and the text of the amendments.

K. Method and Frequency of Processor Evaluation

Not applicable.

L. Dispute Resolution

Not applicable.

II. Rule 11Aa3-1 (solely in its application to the amendments to the CTA Plan)

A. Reporting Requirements

Not applicable.

B. Manner of Collecting, Processing, Sequencing, Making Available and Disseminating Last Sale Information

Not applicable.

C. Manner of Consolidation

Not applicable.

D. Standards and Methods Ensuring Promptness, Accuracy and Completeness of Transaction Reports

Not applicable.

E. Rules and Procedures Addressed to Fraudulent or Manipulative Dissemination

Not applicable.

F. Terms of Access to Transaction Reports

See Item I(A).

G. Identification of Marketplace of Execution

III. Solicitation of Comments

Section 11A of the Act requires that the Commission assure fair competition among brokers and dealers and assure the availability to brokers, dealers and investors of information with respect to quotations for and transactions in securities.⁸ Another provision in this section authorizes the Commission to prescribe rules to assure that all persons may obtain this market data on terms that are "not unreasonably discriminatory."

Based on these standards, the Commission requests comment on

whether the tiered fee structure applicable to users is unreasonably discriminatory.

1. The usage-based fee is structured as a fee per user with decreases for larger numbers of users. Will this tiered fee structure have an effect on competition among broker-dealers?

2. Will these volume discounts inure to the benefit of retail investors equally regardless of the broker-dealer they choose?

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposal 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 CTA. All submissions should refer to the file number in the caption above and should be submitted by September 20, 1999.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 99-22375 Filed 8-27-99; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

Sunshine Meeting Notice

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following meeting during the week of August 30, 1999.

A closed meeting will be held on Thursday, September 2, 1999, at 11:00 a.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meeting. Certain

⁸ 15 U.S.C. 78k-1(a)(1)(C)(i) and (ii).

⁹ 17 CFR 200.30-3(a)(27).

staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c) (4), (8), (9)(A) and (10) and 17 CFR 200.402(a) (4), (8), (9)(i) and (10), permit consideration of the scheduled matters at the closed meeting.

Commissioner Hunt, as duty officer, voted to consider the items listed for the closed meeting in a closed session.

The subject matter of the closed meeting scheduled for Thursday, September 2, 1999, will be:

Institution and settlement of administrative proceedings of an enforcement nature.

Institution of injunctive actions.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact: The Office of the Secretary at (202) 942-7070.

Dated: August 25, 1999.

Jonathan G. Katz,
Secretary.

[FR Doc. 99-22664 Filed 8-26-99; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41775; File No. SR-Amex-99-28]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange LLC to Revise the Settlement Value Calculation Methodology for Nasdaq/NMS Component Stocks in the Morgan Stanley High Technology 35 Index

August 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 July 29, 1999, the American Stock Exchange LLC (the "Exchange" or "Amex") 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 Exchange proposes to revise the settlement value calculation methodology for Nasdaq National Market System ("Nasdaq/NMS") component stocks in the Morgan Stanley High Technology 35 Index ("Index"). The proposal does not revise the Index in any other way.

The text of the proposed rule change is available at the Office of the Secretary, the Exchange, 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, 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 Exchange proposes to revise the settlement value calculation methodology for Nasdaq/NMS component stocks in the Index. Currently, the Index's settlement value is determined by using the regular way opening sale price for each of the Index's component stocks in its primary market on the last trading day prior to expiration.³ The Exchange proposes to revise the settlement value calculation methodology by using the volume weighted average price for each Nasdaq/NMS listed Index component, as calculated during the first five minutes of trading immediately following the first reported trade for such component.⁴

³ See Securities Exchange Act Release No 36283 (Sept. 26, 1995), 60 FR 51825 (Oct. 3, 1995) (order approving the Exchange's proposed rule change to list and trade options on the Index).

⁴ If no other trades are executed in a Nasdaq/NMS listed Index component during the five minutes following the first reported trade, the Exchange will use the price of the first reported trade in calculating the settlement value for the Index. Telephone conversation between Michael L. Loftus, Attorney, Division of Market Regulation, Commission, and Scott G. Van Hatten, Legal Counsel, Derivative Securities, Exchange (August 17, 1999).

While investors in exchange-listed securities are able to receive executions at the specialist-determined opening price by entering a market-on-open order, investors in Nasdaq securities cannot be assured of transacting at a price equal to the first reported print. In some instances, the first reported price may be significantly different than the price at which investors receive execution. As a result, investors, market-makers, and the Index specialist cannot be sure that their hedges or offsets will converge to the settlement value for the Index. Moreover, in some cases the value of the hedge may differ significantly from the Index settlement value. This uncertainty adds to the cost of trading the Index options and makes them less desirable to trade.

While it may remain difficult to accomplish complete or perfect convergence using the proposed methodology, the volume weighted average price should provide a better opportunity for market participants to transact at a price near the settlement price used for the Index. This makes it less likely that there will be a significant difference between a market participant's hedge and the settlement value of the Index. For this reason, the Exchange is revising the settlement value calculation methodology for Nasdaq/NMS listed Index components.⁵

The Exchange proposes to calculate the Index's settlement value by using the volume weighted average price for all Nasdaq/NMS listed Index components, as calculated during the first five minutes of trading in such component. Once the first trade in a Nasdaq/NMS component is reported, that component's volume weighted average price is determined by: (i) Multiplying the number of shares traded (volume) by the price at which those shares traded (execution price) for each trade; (ii) aggregating these products; and (iii) dividing this sum by the total number of shares traded (total volume) during the five minute period immediately following the first reported trade.⁶ For all other Index components

⁵ The Exchange intends to submit to the Commission a separate, but similar, rule filing that revises the settlement value calculation methodology for other Exchange indexes by using volume weighted average prices for Nasdaq/NMS component securities in place of regular way opening sale prices. Telephone conversation between Michael L. Loftus, Attorney, Division of Market Regulation, Commission, and Scott G. Van Hatten, Legal Counsel, Derivative Securities, Exchange (August 17, 1999).

⁶ The facilitate the prompt and accurate calculation of the Index's final settlement value, the volume weighted average price for all Nasdaq/NMS stocks included in the Index will be calculated by Nasdaq's "Index Calculation Group" and forwarded

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.