

competition in the expanding after-hours market.

The Commission finds that the implementation of the Exchange's PPS does not raise any new regulatory concerns. The Exchange will provide full transparency by disseminating quotes through the Consolidated Quotation System and reporting trades to the consolidated tape. The Commission notes that investors are accustomed to trading after-hours on regional exchanges between 4 p.m. and 4:30 p.m.,¹² and that the implementation of BSE's PPS does not significantly alter the after-hours market with regard to regional exchanges during that time period. In addition, the Commission has not received any comment letters from the public or BSE members raising any regulatory issues in connection with the implementation of the PPS.

The Commission believes that it is reasonable for the Exchange to implement the rule changes discussed above¹³ during the PPS. Given that the after-hours trading market is in its nascent stage, with differences in volatility, liquidity, and volume as compared to the traditional trading session, the Commission believes it is reasonable to require investors to affirmatively choose to participate in the developing after-hours market. The Commission believes investors will be better protected if the Exchange requires them to knowingly opt-in to the PPS.

The Commission also finds that the proposal is consistent with Section 11A(a)(1)(C) of the Act.¹⁴ Congress found in those provisions that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for and transactions in securities, and to assure the practicability of brokers executing investors' orders in the best market.¹⁵ The proposed rule change accomplishes the objectives of the Act by providing an opportunity for investors to trade outside of traditional market hours, complete with the safeguards and standards upon which investors have come to rely during traditional market hours.

The Commission further notes that BSE has represented it intends to implement surveillance procedures during the PPS. Such surveillance

should assist BSE in satisfying the requirements of Section 6(b)(5) of the Act¹⁶ that Exchange rules be designed to prevent fraudulent and manipulative acts and practices, and to promote just and equitable principles of trade. Accordingly, the Commission does not believe that the Exchange's implementation of a PPS will have an adverse effect on the maintenance of fair and orderly markets of disadvantage public customers.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁷ that the proposed rule change (SR-BSE-99-11) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁸

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42089; File No. SR-CHX-99-23]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Stock Exchange, Incorporated Amending Membership Dues and Fees Schedule for Transactions Occurring During the E-Session

November 2, 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 October 15, 1999, the Chicago Stock Exchange, Incorporated ("CHX" or "Exchange") 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 Exchange has designated this proposal as one establishing or changing a due, fee, or other charge imposed by the CHX under Section 19(b)(3)(A)(ii) of the Act,³ which renders the proposal effective upon filing with the Commission. 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 amend its membership dues and fees schedule to eliminate, through December 31, 1999, all transaction, order processing and floor broker fees for transactions that occur during the Exchange's after-hours trading session ("E-Session").⁴ The text of the proposal is available upon request from the CHX or 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 proposed rule change amends the CHX schedule of membership dues and fees to eliminate, through December 31, 1999, order processing, transaction and floor broker fees for transactions that occur during the E-Session.⁵ The Exchange seeks this change to allow CHX members to participate in the E-Session without incurring the fees normally associated with their CHX transactions.⁶

⁴ On October 13, 1999, the Commission approve, on a pilot basis, the CHX's proposed rule change that allows the CHX to implement an after-hours trading session. See Securities Exchange Act Release No. 42004 (October 13, 1999) (SR-CHX-99-16). The E-Session takes place from 3:30 p.m. to 5:30 p.m. Central Time, Monday through Friday, and began on October 29, 1999.

⁵ The fees which CHX seeks to eliminate through December 31, 1999 with this proposed rule change include OTC agency orders in Nasdaq/NMS securities transacted by floor brokers, which were recently reviewed by the Commission. See Securities Exchange Act Release No. 41947 (September 29, 1999), 64 FR 54703 (October 7, 1999) (SR-CHX-99-15).

⁶ The Exchange notes that the vast majority of securities that initially will be eligible for trading in the E-Session are already subject to order processing and transaction fee waivers under the Exchange's current fee schedule because they are either Nasdaq/NMS issues or issues within the S&P 500. The Exchange does not anticipate much floor

¹² See *supra* footnotes 6-8.

¹³ See *supra* Section II, *PPS Eligible Orders, GTX Orders, and Execution Guarantee Does Not Apply.*

¹⁴ 15 U.S.C. 78k-1(a)(1)(C).

¹⁵ *Id.*

¹⁶ 15 U.S.C. 78f(b)(5).

¹⁷ 15 U.S.C. 78s(b)(2).

¹⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act⁷ in that it provides for the equitable allocation of reasonable dues, fees and other charges among its members.

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

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

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.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The proposed rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act⁸ and subparagraph (f)(2) of Rule 19b-4 thereunder,⁹ because it involves a due, fee, or other charge. 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 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.¹⁰

IV. Solicitation of Comments

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, 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. 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 number SR-CHX-99-23, and should be submitted by November 29, 1999.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42090; File No. SR-MSRB-99-8]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Municipal Securities Rulemaking Board Relating to Reports of Sales and Purchases, Pursuant to Rule G-14

November 2, 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 September 7, 1999, the Municipal Securities Rulemaking Board ("Board" or "MSRB") filed with the Securities and Exchange Commission ("Commission" or "SEC") a proposed rule change. The proposed rule change is described in Items I, II, and below, which Items have been prepared by the Board. 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 Board is filing this proposed rule change to institute a service (the "Service") to produce a daily public report containing information on individual transactions in frequently rated municipal securities (the "Daily Transaction Report" or "Report"). The transaction information in the Report would come from dealer reports made to

the Board pursuant to MSRB Rule G-14, which governs reports of sales or purchases. Rule G-14 currently requires dealers to report essentially all inter-dealer and customer transactions in municipal securities to the Board by midnight of the date of the trade.

The proposed Report would be the third product offered by the Board to increase the amount of price transparency in the municipal securities market. Like the Board's current Combined and Inter-Dealer Daily Reports, the proposed Daily Transaction Report would provide information on "frequently traded" issues (*i.e.*, issues on which at least four transaction reports were received for a given trade date). Also like the current Daily Reports, the proposed Report would be produced and made available electronically by approximately 7:00 a.m. on the business day following the trade date. Electronic Reports will be produced in the same three formats—printable, comma-delimited, and fixed record length—as the current Daily Reports.³ However, unlike the current Daily Reports, the proposed Daily Transaction Report has been designed to provide transaction detail on each reported trade in a frequently traded issue, rather than merely providing the daily high, low and average prices.⁴

The proposed Daily Transaction Report would be available by subscription. To obtain a subscription it will be necessary to sign a subscription agreement, however, there will be no fee charged for the new Daily Transaction Report.

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 Board included statements concerning the purpose of an 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 Board has prepared summaries, set forth in section A, B, and C below, of the most significant aspects of such statements.

³ The "printable" format can be printed with little or no change by an end-user. The "comma-delimited" and "fixed record length" files can easily be sorted or converted by an end-user's spreadsheet or other application program (*e.g.*, Microsoft Excel).

⁴ The Board also will continue to use all the transaction information reported by dealers to maintain a market surveillance database. The surveillance database is available to the Commission, the National Association of Securities Dealers ("NASD") and the bank regulatory agencies responsible for the enforcement of Board rules.

brokerage activity in the E-Session, and believes that waiving brokerage fees will likely have little impact on the Exchange's revenues. According to the Exchange, waiving the fees on the few transactions to which they would otherwise apply will allow the Exchange to simplify its communications to members about the fees. Telephone conversation between Paul B. O'Kelly, Executive Vice President, CHX, and Joseph Morra, Attorney, Division of Market Regulation, SEC, October 28, 1999.

⁷ 15 U.S.C. 78f(b)(4).

⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

⁹ 17 CFR 240.19b-4(f)(2).

¹⁰ In reviewing this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.