

contain formulas for determining amounts related to the monthly compensation base.

Under section 1(k), remuneration earned from employment covered under the Act cannot be considered subsidiary remuneration if the employee's base year compensation is less than 2.5 times the monthly compensation base for months in such base year. Multiplying 2.5 by the calendar year 2000 monthly compensation base of \$1,005 produces \$2,512.50. Accordingly, the amount determined under section 1(k) is \$2,512.50 for calendar year 2000.

Under section 2(c), the maximum amount of normal benefits paid for days of unemployment within a benefit year and the maximum amount of normal benefits paid for days of sickness within a benefit year shall not exceed an employee's compensation in the base year. In determining an employee's base year compensation, any money remuneration in a month not in excess of an amount that bears the same ratio to \$775 as the monthly compensation base for that year bears to \$600 shall be taken into account. The calendar year 2000 monthly compensation base is \$1,005. The ratio of \$1,005 to \$600 is 1.67500000. Multiplying 1.67500000 by \$775 produces \$1,298. Accordingly, the amount determined under section 2(c) is \$1,298 for months in calendar year 2000.

Under section 3, an employee shall be a "qualified employee" if his/her base year compensation is not less than 2.5 times the monthly compensation base for months in such base year. Multiplying 2.5 by the calendar year 2000 monthly compensation base of \$1,005 produces \$2,512.50. Accordingly, the amount determined under section 3 is \$2,512.50 for calendar year 2000.

Under section 4(a-2)(i)(A), an employee who leaves work voluntarily without good cause is disqualified from receiving unemployment benefits until he has been paid compensation of not less than 2.5 times the monthly compensation base for months in the calendar year in which the disqualification ends. Multiplying 2.5 by the calendar year 2000 monthly compensation base of \$1,005 produces \$2,512.50. Accordingly, the amount determined under section 4(a-2)(i)(A) is \$2,512.50 for calendar year 2000.

Maximum Daily Benefit Rate

Section 2(a)(3) contains a formula for determining the maximum daily benefit rate for registration periods beginning after June 30, 1989, and after each June 30 thereafter. Legislation enacted on October 9, 1996, revised the formula for

indexing maximum daily benefit rates. Under the prescribed formula, the maximum daily benefit rate increases by approximately two-thirds of the cumulative growth in average national wages since 1984. The maximum daily benefit rate for registration periods beginning after June 30, 2000, shall be equal to 5 percent of the monthly compensation base for the base year immediately preceding the beginning of the benefit year. Section 2(a)(3) further provides that if the amount so computed is not a multiple of \$1, it shall be rounded down to the nearest multiple of \$1.

The calendar year 1999 monthly compensation base is \$970. Multiplying \$970 by 0.05 yields \$48.50, which must then be rounded down to \$48. Accordingly, the maximum daily benefit rate for days of unemployment and days of sickness beginning in registration periods after June 30, 2000, is determined to be \$48.

By Authority of the Board.

Dated: November 10, 1999.

Beatrice Ezerski,

Secretary to the Board.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42126; File No. SR-Amex-99-40; SR-PCX-99-41; SR-CBOE-99-59]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the American Stock Exchange LLC; Pacific Exchange, Inc.; and Chicago Board Options Exchange, Inc. Relating to Permanent Approval of the Elimination of Position and Exercise Limits for Flex Equity Options

November 10, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act" or "Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on October 5, 1999, October 13, 1999, and November 4, 1999, the American Stock Exchange LLC ("Amex"), Pacific Exchange, Inc. ("PCX") and the Chicago Board Options Exchange, Inc. ("CBOE") (collectively, the "Exchanges") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The PCX filed an

amendment to the proposed rule change on October 28, 1999.³ 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 Exchanges propose to make permanent their pilot programs to eliminate position and exercise limits for FLEX Equity options.

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 self-regulatory organizations 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 self-regulatory organizations have 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 purpose of the proposed rule filings is to approve permanently the Exchanges' pilot programs allowing for the elimination of position and exercise limits for FLEX Equity options. On September 9, 1997, the Commission approved separate proposals by the Exchanges to eliminate position and exercise limits for FLEX Equity options under a 2-year pilot program.⁴ On September 9, 1999, the Commission approved an extension of the pilot programs for another 3 months.⁵

The Approval Order required the Exchanges to report to the Commission on the status of the programs so that the Commission could use this information to evaluate the consequences of the programs and to determine whether to approve the elimination of position and exercise limits for these products on a

³ See Letter to Richard Strasser, Commission, from Robert Pacileo, PCX, dated October 27, 1999 ("PCX Amendment No. 1"). PCX Amendment No. 1 clarifies that the rule filing is being filed pursuant to Section 19(b)(4) of the Exchange Act, not Section 19(b)(3).

⁴ See Securities Exchange Act Release No. 39032 (September 9, 1997), 62 FR 48683 (September 16, 1997) (approving SR-CBOE-96-79, SR-Amex-96-19, and SR-PCX-97-09) ("Approval Order").

⁵ See Securities Exchange Act Release No. 41848 (September 9, 1999), 62 FR 50846 (September 20, 1999).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

permanent basis. All of the Exchanges have submitted the requisite reports.⁶ The Exchanges believe that their experiences with the pilot programs have been positive and therefore, request that the elimination of position and exercise limits for FLEX Equity options be approved on a permanent basis.

2. Basis

The Exchanges believe that the proposal is consistent with Section 6(b) ⁷ of the Act, in general, and Section 6(b)(5) ⁸ of the Act, in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

B. Self-Regulatory Organization's Statement of 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

Written comments on the proposed rule change were neither solicited nor received.

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.

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, located at the above address. Copies of such filing will also be available for inspection and copying at the principal office of the self-regulatory organization. All submissions should refer to File No. SR-Amex-99-40; SR-PCX-99-41; and SR-CBOE-99-59 and should be submitted by December 9, 1999.

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

Margaret H. McFarland.

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42111; File No. SR-CBOE-99-15]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment Nos. 1 and 2 to the Proposed Rule Change by the Chicago Board Options Exchange, Inc.; Updating the Exchange's Membership Rules

November 5, 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 April 12, 1999, the Chicago Board Options Exchange, Inc. ("CBOE" 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 CBOE filed Amendment No. 1 to the proposal on July 15, 1999,³ and

Amendment No. 2 to the proposal on November 3, 1999.⁴ 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 CBOE proposes to update the Exchange's membership rules. The text of the proposed rule change is set forth below. Proposed additions are in *italics* and proposed deletions are in *brackets*.

Chicago Board Options Exchange,
Incorporated Rules

CHAPTER I—Definitions

RULE 1.1—Definitions

* * * * *

Lessor

(ff) The term "lessor" means the owner of a transferable membership that has been leased to an individual or organization in accordance with the provisions of Rule 3.17 [3.16(b)], and includes any successor in interest of such owner. [A lessor shall continue as a member of the Exchange, subject to all of the provisions of the Constitution and Rules, except that for the duration of the lease arrangements with respect to that leased membership, a lessor may not conduct a public securities business as described by the provisions of Rules 3.1 and the Rules referenced therein.]

Lessee

(gg) The term "lessee" means an individual or organization that has leased a transferable membership from the owner thereof in accordance with the provisions of Rule 3.17 [3.16(b)]. For the duration of the lease agreement, a lessee shall be deemed to be a member, subject to all of the provisions of the Constitution and Rules that are applicable to the owner of an Exchange membership, except that the provisions of *the Constitution and Rules* [Rule 3.12], which concern the ownership of membership, are not applicable to a lessee.

corresponding changes in the Purpose section of the filing. See letter from Arthur B. Reinstein, Assistant General Counsel, CBOE, to Kenneth Rosen, Attorney, Division of Market Regulation ("Division"), SEC, dated July 14, 1999.

⁴ Amendment No. 2 makes minor technical corrections to the text of the proposed rule and deletes section 8(h) from the Exchange's Option Trading Lease Pool Procedures. See letter from Arthur B. Reinstein, Assistant General Counsel, CBOE, to Yvonne Fraticelli, Special Counsel, Division, SEC, dated November 3, 1999.

⁶ Amex, PCX and CBOE submitted their reports on May 28, 1999, September 30, 1999, and June 2, 1999, respectively.

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Amendment No. 1 makes numerous technical changes to the proposed rule language and