

industry participants who have not yet completed the membership process or have not yet acquired EMCC shares. The Commission believes that it is important for EMCC to maintain the current broad-based representation of industry participants on its board of directors while it continues to expand its participants base. If EMCC were to restrict its board membership to officers or partners of shareholders or of affiliates or subsidiaries of shareholders, EMCC could possibly have to replace current board members with representatives from shareholders already represented on the board. The rule change allows EMCC to maintain its current board membership, comprised of participants, shareholders, and founding contributors, which provides for a broad cross-section of the emerging markets community while providing EMCC with an additional year to continue to broaden its participant base.

When EMCC was originally organized, it was expected that an entity that became a shareholder would also be the participant. However, EMCC participants have indicated that they may prefer that the shareholder and the participant be affiliated but different entities. The Commission believes that amending the definition of "participant shareholder" to include an affiliate of a participant will provide EMCC's participants with additional flexibility without adversely affecting EMCC's operations or its participants' ability to be represented on the EMCC Board.

EMCC has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of the filing. The Commission finds good cause for so approving the proposed rule change prior to the thirtieth day after the date of publication of notice of the filing because accelerated approval will allow the amendments to take effect in time for EMCC's 1999 shareholders meeting. Furthermore, the Commission has not received any comment letters and does not expect to receive any comment letters on the proposal.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A of the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-EMCC-99-10) be and hereby is approved on an accelerated basis.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42122; File No. SR-Phlx-99-34]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. To Amend Registration Fees for Registered Representatives

November 10, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder² notice is hereby given that on August 26, 1999, the Philadelphia Stock Exchange, Inc. ("Phlx" 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 October 25, 1999, the Phlx submitted to the Commission Amendment No. 1 to the proposed rule change.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 Exchange proposes to amend its fee schedule for Registered Representative registration. Specifically, the initial, maintenance, and transfer registration fees pertaining to Registered Representative registration will each be increased to \$25.00, effective January 1, 2000. The text of the proposed rule change is available at the Phlx and at the Commission.

⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Letter from Jurij Trypupenko, Counsel, Phlx to Sharon Lawrence, Senior Special Counsel, Division of Market Registration ("Division"), Commission, dated October 21, 1999 ("Amendment No. 1"). Amendment No. 1 clarifies the purpose for the increase in fees, the date on which the proposed fee increase will take effect, and the NASD's role in billing and collecting the fees for the Exchange. Because Amendment No. 1 is substantive, the Commission deems the date of the filing to be October 25, 1999, the date of the amendment was filed with 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 Phlx 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 Phlx 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 increase its fees for the initial registration, maintenance, and transfer of Registered Registrations with the Exchange from \$12.00 to \$25.00. These fees, which were adopted in 1993,⁴ and subsequently adjusted in 1995⁵ and 1997,⁶ are payable by member organizations that apply for, maintain, and transfer Registered Representative registrations. The proposed fee increase would become effective January 1, 2000, and would apply to Registered Representative fees incurred on or after that date. Therefore, any initial registration filed in 1999 would be subject to the current \$12.00 initial registration fee. Similarly, any maintenance or transfer fees incurred in 1999 would be subject to the current \$12.00 maintenance or transfer fee. The National Association of Securities Dealers, Inc. ("NASD") will bill for the year 2000 fees in November 1999 and, thereafter, will collect the fees for the Exchange.⁷

The purpose of the proposed rule change is to address increased costs associated with maintaining surveillance and regulatory programs in a sophisticated trading environment. The Exchange continues to believe that strong surveillance and regulatory

⁴ Securities Exchange Act Release No. 32833 (September 14, 1993), 58 FR 48922 (September 20, 1993).

⁵ Securities Exchange Act Release No. 36348 (October 6, 1995), 60 FR 53450 (October 13, 1995).

⁶ Securities Exchange Act Release No. 39044 (September 10, 1997), 62 FR 48914 (September 17, 1997).

⁷ The Exchange represents that initial, transfer, and maintenance Registered Representatives fees have traditionally been billed and collected by the NASD. The NASD would continue to bill for and collect these fees under the proposed rule change. Phone message from Jurij Trypupenko, Counsel, Phlx, to Melinda Diller, Law Clerk, Division, Commission, on October 28, 1999.

programs are essential for the Exchange to maintain a fair and orderly market for the investment community.

According to the Exchange, general costs associated with the Exchange's surveillance and regulatory programs have continued to rise. Since the last Registered Representatives fee increase in 1997,⁸ costs associated with the Exchange's surveillance and regulatory programs have increased in excess of 100%, a ten-fold increase over the increase in costs during the prior two-year period.⁹ This increase in costs is attributable to, among other things, inflationary and competitive effects on the cost of staffing, equipment, and technology and expansion of the Exchange's surveillance and regulatory programs.¹⁰ Moreover, the Exchange has listed, and will likely to continue to list, new issues and products, which may trigger significant additional surveillance and regulatory costs.¹¹

2. Statutory Basis

For these reasons, the Exchange believes the proposed rule change is consistent with Section 6 of the Act,¹² in general, and furthers the objectives of Sections 6(b)(4) of the Act¹³ in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities.¹⁴

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 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 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

Because the foregoing rule change establishes or changes a due, fee, or charge imposed by the Exchange, it has become effective pursuant to Section

19(b)(3)(A)(ii) of the Act¹⁵ and subparagraph (f)(2) of Rule 19b-4 thereunder.¹⁶ The Exchange intends to implement the fee, effective January 1, 2000. At any time within 60 days of the filing of the amended 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, as amended, 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, DC 20549-0609. Copies of the submission, all subsequent amendments, all written statements with respect to the amended 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 also will be available for inspection and copying at the principal office of the Phlx. All submissions should refer to File No. SR-Phlx-99-34 and should be submitted by December 9, 1999.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁷

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42123; File No. SR-Phlx-99-7]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. To Increase the Maximum Size of Option Orders Eligible for Delivery through the Automated Options Market System

November 10, 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 13, 1999, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Item I and II 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 proposed to revise Phlx Rule 1080(b)(ii) to state that, subject to the approval of the Phlx Options Committee, orders up to 500 contracts in any Phlx equity or index option may be entered through "AUTOM," the Exchange's Automated Options Market System.³ The text of the proposed rule change is available at the Phlx and at the Commission.

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

In its filing with the Commission, the Phlx 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 Phlx has prepared summaries, set forth in Sections A, B and C below, of the most significant aspect of such statements.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ AUTOM is the Exchange's electronic order routing and delivery system for equity and index options. See Phlx Rule 1080.

⁸ See note 6, *supra*.

⁹ See Amendment No. 1, *supra* note 3.

¹⁰ *Id.*

¹¹ *Id.*

¹² 15 U.S.C. 78f.

¹³ 15 U.S.C. 78f(b)(4).

¹⁴ In reviewing this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹⁵ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁶ 17 CFR 240.19b-4(f)(2).

¹⁷ 17 CFR 200.30-3(a)(12).