

information from the employee about the employee's previous marriages, if any, to determine if any impediment exists to the marriage between the employee and his or her spouse.

#### ADDITIONAL INFORMATION OR COMMENTS:

Copies of the forms and supporting documents can be obtained from Chuck Mierzwa, the agency clearance officer (312-751-3363). Comments regarding the information collection should be addressed to Ronald J. Hodapp, Railroad Retirement Board, 844 North Rush Street, Chicago, Illinois, 60611-2092 and the OMB reviewer, Lori Schack (202-395-7316), Office of Management and Budget, Room 10230, New Executive Office Building, Washington, DC 20503.

Chuck Mierzwa,

Clearance Officer.

[FR Doc. 99-33189 Filed 12-21-99; 8:45 am]

BILLING CODE 7905-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42239; File No. SR-CHX-99-20]

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Stock Exchange, Inc. Relating to Minimum Net Capital and Excess Net Capital Requirements for Members

December 15, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 24, 1999, the Chicago Stock Exchange, Inc. ("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 CHX. On December 8, 1999, the CHX submitted Amendment No. 1 to the proposed rule change.<sup>3</sup> The Commission is publishing the 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 Article XI, Rule 3 of the Exchange's rules to modify the minimum net capital and excess net capital requirements applicable to members of the Exchange who are specialists or who carry accounts of specialists. Below in the text of the proposed rule change, Proposed new language is italicized; proposed deletions are in brackets.

#### Article XI—Financial Responsibility and Reporting Requirements

\* \* \* \* \*

#### Net Capital and Aggregate Indebtedness

Rule 3. (a)(1) Except as otherwise provided below, a member or member organization shall at all times—

(i) maintain net capital not less than that prescribed by SEC 15c3-1 (17 CFR 240.15c3-1) and

(ii) maintain subordinated cash borrowing and secured demand notes equal to or greater than 50% of its total subordinated borrowings to the extent that these subordinated borrowings are part of the debt equity total.

\* \* \* \* \*

(3) a member or member organization that is registered as a specialist on the Exchange [in less than 200 securities] and that clears its own specialist account(s) shall at all time—

(i) maintain[,] (A) at a minimum, net capital that is *equal to* the greater of (1)[a] \$100,000 [\$250,000, subject to the phase-in period set forth in Interpretation and Policy .01, below] or (2)[(b)] the amount prescribed by SEC 15c3-1 (17 CFR 240.15c3-1); and (B) *excess net capital equal to the greater of (1) \$500,000 (or the minimum amount required by National Securities Clearing Corporation ("NSCC") for such direct participants), subject to the phase-in-period set forth in Interpretation and Policy .01, below or (2) the amount prescribed by SEC 15c3-1.*

\* \* \* \* \*

[(4) A member or member organization that is registered as a specialist on the Exchange in 200 or more securities and that clears its own specialist account(s) shall at all times—

(i) maintain, at a minimum, net capital that is the greater of (a) \$350,000, subject to the phase-in period set forth in Interpretation and Policy .01, below, or (b) the amount prescribed by SEC 15c3-1 (17 CFR 240.15c3-1); and

(ii) maintain subordinated cash borrowings and secured demand notes equal to or greater than 50% of its total subordinated borrowings to the extent

that these subordinated borrowing are part of the debt equity total.]

(4) [5] A member or member organization that clears the specialist accounts of another member or member organization registered as a specialist on the Exchange shall, at all times—

(i) maintain[,] (A) at a minimum, net capital that is *equal to* the greater of (1)[a] \$250,000 [\$500,000, subject to the phase-in period set forth in Interpretation and Policy .01, below] or (2)[(b)] the amount prescribed by SEC 15c3-1 (17 CFR 240.15c3-1); and (B) *excess net capital equal to the greater of (1) \$1,000,000 (or the minimum amount required by NSCC for such direct participants), subject to the phase-in period set forth in Interpretation and Policy .01, below or (2) the amount prescribed by SEC 15c3-1.*

\* \* \* \* \*

(5) [6] \* \* \*

(6) [7] \* \* \*

#### Interpretations and Policies

.01 Phase-In Periods for Minimum Capital Standards for Self-Clearing Specialists and Firms Clearing Specialist Accounts.

On [May 31, 1999] (*insert date 30 days after date of SEC approval order*), the Exchange adopted separate minimum net capital *and excess net capital* standards for self-clearing specialists and firms clearing other specialist accounts, as specified in subsections (a)(3) and (a)(4) [and (a)(5) above. These minimum capital standards are to be phased in over a 12 month (*or other time period based on date of SEC approval order*) period.

*Self-Clearing Specialists* [Registered as Specialist in Less Than 200 Securities: \$250,000 Standard]

The amount specified in Rule 3(a)(3)(i)(B)(1) above shall be [\$150,000 effective on May 31, 1999; \$200,000 effective on November 30, 1999; and \$250,000] \$350,000 effective on May 31, 2000; and \$500,000 effective on June 30, 2000.

[Registered as a Specialist in 200 or More Securities: \$350,000 Standard].

The amount specified in Rule 3(a)(4)(i)(a) above shall be \$200,000 effective on May 31, 1999; \$275,000 effective on November 30, 1999; and \$350,000 effective on May 31, 2000.]

Firms Clearing Other Specialist Accounts: [\$500,000 Standard].

The amount specified in Rule 3(a)(4)(i)(B)(1) above shall be [\$350,000 effective on May 31, 1999; \$425,000 effective on November 30, 1999; [and] \$500,000 effective on May 31, 2000; and \$1,000,000 effective on June 30, 2000.

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4

<sup>3</sup> In Amendment No. 1, the CHX clarified Interpretation .01 to Rule 3 of Article XI and made technical amendments to the proposed rule language. See letter from Kathleen M. Boege, Associate General Counsel, CHX, to Jack Drogin, Senior Special Counsel, Division of Market Regulation, Commission, dated December 7, 1999.

## 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 purpose rule change is intended to ensure that the Exchange's members who are specialists or who carry accounts of specialists meet the financial responsibility requirements imposed by qualified clearing agencies<sup>4</sup> as well as the Commission. The Exchange's current rules, and the rules of the MCC, permit floor members of the Exchange to establish "sponsored accounts" pursuant to which the MCC provides sponsored participants with access to clearance, settlement and delivery via a qualified clearing agency such as the National Securities Clearing Corporation ("NSCC"). The Exchange in turn provides a guaranty to the NSCC (and through the NSCC to the Depository Trust Company ("DTC")) from time to time to guarantee the obligations of the MCC with respect to liabilities that could be generated in sponsored accounts.<sup>5</sup> In order to minimize the Exchange's exposure through sponsored accounts and in keeping with capital requirements imposed by the Act, the Exchange's rules governing members' financial responsibility and reporting requirements contain provisions establishing minimum net capital requirements for specialists and those who carry accounts of specialists.<sup>6</sup>

The Exchange and the MCC have determined to discontinue the sponsored account program, effective June 30, 2000, after which time the MCC will be dissolved and the Exchange will no longer guarantee the MCC's obligations to qualified clearing agencies. Accordingly, it will be

necessary for all current sponsored participants to become direct participants in qualified clearing agencies such as NSCC and DTC. The Exchange thus proposes to amend Article XI, Rule 3 to incorporate the minimum net capital and excess net capital requirements currently required for direct participation in NSCC, subject to the amended phase-in periods set forth in Interpretation and Policy .01 to the amended rule. It is anticipated that the proposed phase-in periods will ameliorate any financial burden that might otherwise be placed on members who are specialists or who carry accounts of specialists.

#### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)(5)<sup>7</sup> of the Act in that it is designed to promote just and equitable principles of trade, to remove impediments and to perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

### 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.

### 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

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 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 CHX. All submissions should refer to File No. SR-CHX-99-20 and should be submitted by January 12, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

Margaret H. McFarland,  
Deputy Secretary.

[FR Doc. 99-33177 Filed 12-21-99; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42238; File No. SR-NASD-99-63]

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto by National Association of Securities Dealers, Inc. to Allow NASD Members to Give Proxies in the Absence of Written Instructions from Beneficial Owners

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("the Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on October 22, 1999, the National Association of Securities Dealers, Inc. ("NASD" or "Association"), through its wholly owned subsidiary, NASD Regulation, Inc. ("NASDR" or "NASD Regulation"), 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 NASD Regulation. On November 15, 1999, NASDR filed Amendment No. 1 to the proposal with the Commission.<sup>3</sup> The

<sup>8</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> In Amendment No. 1, NASDR withdrew its request that the proposal be reviewed and approved

<sup>4</sup> See Midwest Clearing Corporation ("MCC") Rules, Art. XI, Rule 1.

<sup>5</sup> See CHX Rules, Art. XXI, Rule 14.

<sup>6</sup> See CHX Rule, Art. XI, Rule 3.

<sup>7</sup> 15 U.S.C. 78f(b)(5).