the fee for each side entered to $.005 per 100 shares with a minimum fee of $.020 and a maximum fee of $.30.

The Trade Clearance fee [4] for receipts from Continuous Net Settlement (''CNS'') to satisfy a long valued position currently is $.40 per issue received. The proposed rule change reduces the fee for such items to $.35 per issue received.

The Trade Clearance fee for deliveries to CNS in the night processing cycle to cover a short valued position currently is $.40 per delivery. The proposed rule change reduces the fee for these items to $.35 per delivery.

The Trade Clearance fee for deliveries to CNS in the day processing cycle to cover a short valued position currently is $1.00 per delivery. The proposed rule change reduces the fee for these items to $.75 per delivery.

The Trade Clearance fee for fails to deliver to CNS (Short-in-CNS) currently is $.35 per item. The proposed rule change reduces the fee for these items to $.25 per delivery.

The Trade Clearance fee for trade clearance (netting) currently is $.03 per side. The proposed rule change reduces the fee for these items to $.025 per side.

The Trade Clearance fee for designated valued deliveries (transaction Processing) entered into the clearance system through special representation procedures currently is $.10 per side. The proposed rule change reduces the fee for these items to $.075 per side.

The ACATSTIF fee represents the fee charged by NSCC's enabling members and Qualified Securities Depositories (''The Depository Trust Company'') to transfer accounts of their customers between themselves on an automated basis through the Automated Customer Account Transfer Service. The ACATSTIF fee currently is $1.00 per submission. The proposed rule change reduces the fee for such items to $.85 per submission.

NSCC intends to give members the benefit of these fee changes effective as of January 1, 2000. The necessary adjustments to accommodate these reductions will be reflected in billing statements transmitted in February 2000.

NSCC believes the proposed rule change is consistent with the requirements of Section 17A of the Act [5] and the rules and regulations thereunder applicable to NSCC and in particular with Section 17A(b)(3)(F) of the Act because it provides for the equitable allocation of dues, fees, and other charges among NSCC's participants.

(B) Self-Regulatory Organization's Statement on Burden on Composition

NSCC does not believe that the proposed rule change will impact or impose a 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 have been solicited or received. NSCC will notify the Commission of any written comments received by NSCC.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) [6] of the Act and Rule 19b–4(f)(2) [7] promulgated thereunder because the proposal establishes or changes a due, fee, or other charge imposed by NSCC. At any time within sixty days of the filing of such 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 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 Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing also will be available for inspection and copying at the principal office of NSCC. All submissions should refer to File No. SRO–NSCC—00–01 and should be submitted by May 24, 2000.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.[8]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00–11004 Filed 5–2–00; 8:45 am]

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[4] The Trade Clearance fees represent fees for netting, issuing instructions to receive or deliver; effecting book-entry deliveries, and related activities.

[5] 15 U.S.C. 78q–1.

[6] 15 U.S.C. 78s(b)(3)(A)(ii).

[7] 17 CFR 240.19b–4(f)(2).

[8] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–42708; File No. SR–PCX–99–37]

Self-Regulatory Organizations; Pacific Exchange, Inc.; Order Approving Proposed Rule Change and Amendment Nos. 1 and 2 Authorizing the PCX ITS Coordinator To Accept Inbound Commitments on Behalf of Other PCX Specialists

April 20, 2000.

I. Introduction

On October 5, 1999, the Pacific Exchange, Inc. (''PCX'' or ''Exchange'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] a proposed rule change to authorize the PCX Intermarket Trading System (''ITS'') Coordinator [3] (''ITS Coordinator'') to accept inbound commitments on behalf of other PCX specialists. PCX filed an amendment on November 2, 1999 (''Amendment No. 1''),[4] and an amendment on December 7, 1999 (''Amendment No. 2''),[5] The

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] ''ITS Coordinator'' is used interchangeably with the term ''PCX Coordinating Specialist'' as defined in new PCX Rule 5.20(a)(xi).

[4] *See* November 1, 1999 letter from Michael Pierson, Director, Regulatory Policy, PCX, to Marla Chidsey, Law Clerk, Division of Market Regulation, Commission (''Amendment No. 1''). Amendment No. 1 clarifies that the ITS coordinator need not confirm with other PCX specialists executions made on behalf of those other PCX specialists before executions occur. Also, Amendment No. 1 explains that when an ITS inbound commitment is received on the PCX, and the commitment would match against multiple specialists' bids or offers, every specialist in that issue will receive a ''shadow'' notification of the ITS commitment.

[5] *See* December 6, 1999 letter from Michael Pierson, Director, Regulatory Policy, PCX to Marla Chidsey, Law Clerk, Division of Market Regulation, Commission (''Amendment No. 2''). Amendment No. 2 adds PCX 5.20(a)(xi) defining the term ''PCX Coordinating Specialist'' as the specialist responsible for coordinating the acceptance of inbound ITS commitments.

proposed rule change, as amended, was published for comment in the **Federal Register** on January 25, 2000.[6] The Commission did not receive any comment letters on the proposal. This order approves the proposal.

II. Description of the Proposal

The PCX proposed to adopt PCX Rule 5.20 Commentary .04, which will provide that in the case of the assignment of an ITS stock to more than one PCX Registered Specialist, the PCX Coordinating Specialist or PCX Registered Specialist at whose ITS station an ITS commitment to trade is received is authorized to accept such commitment at the PCX bid or offer price, if still available (or at a better price if available), and up to the size of the PCX bid or offer without the need to communicate with other PCX members. Whenever an inbound ITS commitment is received on the PCX, the specialists whose quotes prompted the inbound commitment will be notified by a ''shadow'' message that the inbound commitment has been received on the PCX.[7]

At the PCX, there are generally two registered specialists per equity issue traded on the Exchange.[8] However, there is only one specialist per issue who acts as the ITS Coordinator. The ITS Coordinator is generally responsible for coordinating acceptance of incoming ITS commitments among the specialists in a particular stock. The PCX expects that there will continue to be only one ITS Coordinator per stock after the Exchange expands the number of specialists per issue.

Currently, any PCX specialist may send an outbound ITS commitment to another market center without that ITS Coordinator's assistance. A PCX specialist who is not an ITS Coordinator may also receive inbound ITS commitments without the involvement of the ITS Coordinator, as long as the ITS Coordinator is not designated to participate in the trade as a result of the inbound commitment.[9] However, if an inbound commitment involved more than one PCX specialist as the contra side, then the ITS Coordinator is required to coordinate the execution of the commitment among the PCX participants verbally.

The current PCX rules do not authorize expressly the ITS Coordinator to accept ITS commitments on behalf of other specialists. The ITS Coordinator must obtain the verbal consent of the other specialist before accepting an inbound commitment on behalf of that other specialist. The PCX proposed to provide the ITS Coordinator with the express authority to accept ITS commitments on behalf of other specialists.[10]

III. Discussion

The Commission has reviewed carefully the PCX's proposed rule change, as amended, and, for the reasons set forth below, finds the proposed rule change is consistent with the Act and the rules and regulations under the Act applicable to a national securities exchange. In particular, the Commission finds the proposed rule change is consistent with Section 6(b)(5)[11] and Section 11A of the Act.[12]

The Commission finds the proposed rule change is consistent with the Section 6(b)(5)[13] requirements that the rules of an exchange be designed to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to promote just and equitable principles of trade and to protect investors and the public interest. The proposed PCX Rule 5.20, Commentary .04 allows the PCX Coordinating Specialist or the PCX Registered Specialist to accept an ITS commitment at the PCX bid or offer price without the need to communicate with other PCX members. Allowing the PCX Coordinating Specialist to accept ITS commitments on behalf of other specialists is consistent with Section 6(b)(5)[14] of the Act because it fosters cooperation and coordination by providing quick and efficient execution of securities transactions.

In addition, the Commission finds the proposed rule change is consistent with the goals set forth in Section 11A[15] of the Act. Section 11A(a)(1)(B) notes that new data processing and communications techniques may create the opportunity for more efficient and effective market operations.[16] Under Section 11A(a)(1)(C), Congress found that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure economically efficient execution of securities transactions.[17] The linking of markets for qualified securities through communication and data processing facilities should help to foster efficiency, enhance competition, increase the information available to brokers, dealers, and investors, facilitate the offsetting of investors' orders, and contribute to the best execution of such orders.[18] The proposed PCX rule change should facilitate the acceptance of ITS commitments, and should help foster efficiency, facilitate the offsetting of investors' orders, and contribute to the best execution of such orders.[19]

Further, whenever an inbound ITS commitment is received on the PCX, the specialists whose quotes prompted the inbound commitment will be notified by a ''shadow'' message that the inbound commitment has been received on the PCX.[20] The shadow notification gives the specialists (other than the ITS Coordinator) an opportunity to notify the ITS Coordinator that the commitment should not be accepted on the specialist's behalf, under appropriate circumstances. The PCX specialist must stand up to the quote and cannot back away from executing the trade. This is consistent with the Act because the ''shadow'' message increases the information available to brokers, dealers, and investors, and facilitates efficiency by providing the specialist with the opportunity to notify the ITS Coordinator that the commitment should not be accepted on the specialist's behalf.

The Commission notes that if the PCX receives notification of incoming ITS commitments, it must comply with the firm quote rule.[21] The Commission also notes that priority and parity rules will

[6] *See* Securities Exchange Act Release No. 42349 (January 19, 2000), 65 FR 4008.

[7] *See* Amendment No. 1 (explaining that the ITS coordinator will not need to confirm with the other PCX specialists because every specialist in that issue will receive a ''shadow'' notification of the ITS commitment at the time it is received on the PCX).

[8] The PCX expects that there will be more than one specialist per stock when its competing specialist program is implemented. *See* Securities Exchange Act Release No. 41327 (April 22, 1999), 64 FR 23370 (April 30, 1999) (SR–PCX–99–07).

[9] The ITS Coordinator need not coordinate the commitment if he or she is not quoting at the price of the inbound commitment and is not representing an order at that price.

[10] For example, assume Specialist A and Specialist B (PCX specialists) are both bidding $20 (the national best bid) for 500 shares of XYZ stock. If the PCX receives an inbound ITS commitment to sell 1,000 shares of stock, and if Specialist A is the ITS Coordinator, then Specialist A will confirm with Specialist B that 500 shares of XYZ may be accepted by Specialist A on Specialist B's behalf. The proposed rule change would allow Specialist A to accept the 500 shares on Specialist B's behalf, on the ground that Specialist B's bid for 500 shares is still outstanding at the time that Specialist A receives the inbound commitment for 1,000 shares.

[11] 15 U.S.C. 78f(b)(5).

[12] 15 U.S.C. 78k-1.

[13] 15 U.S.C. 78f(b)(5).

[14] 15 U.S.C. 78f(b)(5).

[15] 15 U.S.C. 78k-1.

[16] 15 U.S.C. 78k-1(a)(1)(B).

[17] 15 U.S.C. 78k-1(a)(1)(C).

[18] 15 U.S.C. 78k-1(a)(1)(D).

[19] 15 U.S.C.. 78k-a(a)(1)(D).

[20] *See* footnotes 4 and 10, *supra*

[21] 17 CFR 270.11Ac1–1(c)(2).

not be affected by the proposed rule change.[22]

The PCX asserts that currently the ITS Coordinator can accept commitments on behalf of other specialists without creating reasonable disputes among PCX specialists. However, the PCX is waiting for Commission approval of the proposed rule change prior to providing the ITS Coordinator with the express authority to accept inbound ITS commitments on behalf of other specialists. The Commission believes that codification of practices and procedures in written form is appropriate. The new PCX Rule provides the ITS Coordinator with the express authority to accept ITS commitments on behalf of other specialists without verbal consent. The Commission therefore finds it is appropriate for the Exchange to adopt new PCX Rule 5.20, Commentary .04.[23]

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[24] that the proposed rule change (SR–PCX–99–37) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[25]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00–11008 Filed 5–2–00; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–42714; File No. SR–Phlx–00–29]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Extending Pilot Program Assessing a Monthly Capital Funding Fee

April 24, 2000.

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 7, 2000, 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. 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 Phlx proposes to extend its three-month pilot program, which imposed on each of the 505 Exchange seat owners[3] a monthly capital funding fee of $1,500 per seat owned.[4] The Exchange is requesting that the current pilot program, which expired on April 5, 2000, be extended for an additional three-month period.[5]

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

1. Purpose

The purpose of the proposed rule change is to extend the applicability of the Exchange's current monthly capital funding fee of $1,500 for a three-month period, until July 6, 2000. As it did during the initial phase of the pilot program, the Exchange intends to charge each seat owner a monthly capital funding fee of $1,500 per Exchange set.

The $1,500 capital funding fee will be imposed on each of the 505 Exchange seat owners at the beginning of each month. In order to be charged the fee, a seat owner must own a seat on the last business day of the month preceding the month that is being billed. Thus, at the beginning of each month, the seat owner will be billed for that entire month.[6] The Exchange intends to segregate the funds generated from the $1,500 fee from Phlx's general funds.

The monthly $1,500 fee is part of the Exchange's long-term financing plan. This monthly fee is intended to provide funding for technological improvements and other capital needs.[7] Specifically, it is intended to fund capital purchases, including hardware for capacity upgrades, development efforts for decimalization and trading floor expansion. The revenue generated from the fee will assist the Exchange in remaining competitive in the capital markets environment.

2. Statutory Basis

For these reasons, the Exchange believes that the proposed rule change is consistent with Section 6 of the Act,[8] in general, and with Section 6(b)(4),[9] in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among its members, issuers, and other persons using its facilities.

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

The Exchange believes that the proposed rule change will not impose any burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

The Exchange received 22 written comments on the proposal, which it forwarded to the Commission on December 23, 1999.

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[22] January 18, 2000, telephone conversation among Michael Pierson, Director, Regulatory Policy, PCX, and Christine Richardson, Attorney, and Marla Chidsey, Attorney, Division of Market Regulation, Commission.

[23] In approving this proposed rule change, the Commission has considered the proposal's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

[24] 15 U.S.C. 78s(b)(2).

[25] 17 CFR 200.30.3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] For the purposes of this filing, an ''owner'' shall mean any person or entity who or which is a holder of equitable title to a membership in the Exchange.

[4] Although the term ''seat owner'' is not defined in Phlx's By-laws or Certificate of Incorporation, the term ''seat-owner'' is the equivalent of an owner of a ''membership'' as referenced in Phlx's By-laws and Certificate of Incorporation.

[5] The Commission approved the original pilot program on January 5, 2000. *See* Securities Exchange Act Release No. 42318 (January 5, 2000), 65 FR 2216 (January 13, 2000) (SR–Phlx–99–49). On November 24, 1999, the Exchange filed a proposal seeking permanent approval of the $1,500 capital funding fee. *See* Securities Exchange Act Release No. 42405 (February 8, 2000), 65 FR 8226 (February 17, 2000) (SR–Phlx–99–51). The proposal is pending.

[6] For example, a seat owner on September 30th will be billed $1,500 for the month of October.

[7] This fee is distinguished from the Exchange's technology fee in that the technology fee was intended to cover system software modifications, Year 2000 modifications, specific system development (maintenance) costs, SIAC and OPRA communication charges, and ongoing system maintenance charges. *See* Securities Exchange Act Release No. 38394 (March 12, 1997), 62 FR 13204 (March 19, 1997) (SR–Phlx–97–09).

[8] 15 U.S.C. 78f(b).

[9] 15 U.S.C. 78f(b)(4).