

SECURITIES AND EXCHANGE COMMISSION

[File No. 500-1]

E-Pawn.com, Inc.; Order of Suspension of Trading

June 14, 2000.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of E-Pawn.com, Inc. ("E-Pawn") because of questions regarding the accuracy of assertions by E-Pawn, and by others, in documents sent to and statements made to market makers of the stock of E-Pawn, other broker-dealers, and to investors concerning, among other things, the identity of the persons in control of the operations and management of the company. In addition, recent market activity in E-Pawn securities may be the result of manipulative conduct or other illegal activity.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above listed company.

Therefore, it is ordered, pursuant to section 12(k) of the Securities Act of 1934, that trading in the above listed company is suspended for the period from 9:30 a.m. EDT, June 14, 2000 through 11:59 p.m. EDT, on June 27, 2000.

By the Commission.

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 00-15444 Filed 6-14-00; 5:08 pm]

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SECURITIES AND EXCHANGE COMMISSION

[File No. 500-1]

WAMEX Holdings, Inc.; Order of Suspension of Trading

June 14, 2000.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of WAMEX Holdings, Inc. ("WAMEX") because of questions regarding the accuracy of assertions by WAMEX, and by others, in documents sent to and statements made to market makers of the stock of WAMEX, other broker-dealers, and to investors concerning: (1) WAMEX's ability to comply with the Commission's regulations regarding the operation of an Alternative Trading System; and (2) funds purportedly raised by WAMEX from private investors. In addition,

recent market activity in WAMEX securities may be the result of manipulative conduct or other illegal activity.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above listed company.

Therefore, it is ordered, pursuant to section 12(k) of the Securities Act of 1934, that trading in the above listed company is suspended for the period from 9:30 a.m. EDT, June 14, 2000 through 11:59 p.m. EDT, on June 27, 2000.

By the Commission.

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 00-15443 Filed 6-14-00; 4:59 pm]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42914]

Order Directing the Exchanges and the National Association of Securities Dealers, Inc. to Submit a Phase-in Plan to Implement Decimal Pricing in Equity Securities and Options; Pursuant to Section 11A(a)(3)(B) of the Securities Exchange Act of 1934

June 8, 2000.

Notice is hereby given that, pursuant to Section 11A(a)(3)(B) of the Securities Exchange Act of 1934 ("Exchange Act")¹ the Securities and Exchange Commission ("Commission") orders the American Stock Exchange LLC ("AMEX"), the Boston Stock Exchange, Inc. ("BSE"), the Chicago Board Options Exchange, Inc. ("CBOE"), the Chicago Stock Exchange, Inc. ("CHX"), the Cincinnati Stock Exchange, Inc. ("CSE"), the International Securities Exchange, LLC ("ISE"), the National Association of Securities Dealers, Inc. ("NASD"), the New York Stock Exchange, Inc. ("NYSE"), the Pacific Exchange, Inc. ("PCX") and the Philadelphia Stock Exchange, Inc. ("PHLX") (collectively the "Participants" and individually a "Participant") to act jointly in planning, discussing, developing, and submitting to the Commission a plan that will begin

¹ Section 11A(a)(3)(B) authorizes the Commission, in furtherance of its statutory directive to facilitate the establishment of a national market system, by rule or order, "to authorize or require self-regulatory organizations to act jointly with respect to matters as to which they share authority under [the Act] in planning, developing, operating, or regulating a national market system (or a subsystem thereof) or one or more facilities thereof." 15 U.S.C. 78k-1(a)(3)(B).

phasing in the implementation of decimal pricing in equity securities and options on or before September 5, 2000.² The Participants should discuss the development and implementation of the phase-in plan with interested market participants, including, but not limited to, the Securities Industry Association ("SIA") and its members, the National Securities Clearing Corporation, the Depository Trust and Clearing Corporation ("DTCC"), the Options Clearing Corporation ("OCC"), the Securities Industry Automation Corporation, the Intermarket Trading System Operating Committee, the Options Price Reporting Authority, the Consolidated Tape Association, and the Consolidated Quote Operating Committee (collectively the "Interested Parties"). The Commission further directs the Participants to submit the phase-in plan to the Commission no later than 45 days after the issuance of this Order. Finally, the Commission directs each Participant to submit the rule changes necessary to implement the phase-in plan no later than 60 days after the issuance of this Order.³

1. Background

On January 28, 2000, the Commission issued an Order⁴ requiring the Participants to facilitate an orderly transition to decimal pricing in the United States securities markets. The Order prescribed a timetable for the Participants to begin trading some equity securities, and options on those equity securities, in decimals by July 3, 2000, and all equities and options by January 3, 2001.

On March 6, 2000, the NASD announced that the Nasdaq Stock Market, Inc. ("Nasdaq") would not have sufficient capacity to meet the target dates for implementation.⁵ The NASD also expressed concern regarding overall industry readiness and requested that the Commission work with the industry and the markets to determine an appropriate time frame that would not impose unnecessary risks on investors.⁶

² The Commission selected September 5, 2000 as the latest start-up date for the phase-in period because it is the first trade date following the September 4, 2000 Labor Day holiday.

³ Additional requirements are discussed in the text accompanying *infra* notes 28 through 41.

⁴ See Securities Exchange Act Release No. 42360 (Jan. 28, 2000), 65 FR 5004 (Feb. 2, 2000).

⁵ See Letters from Frank G. Zarb, Chairman and Chief Executive Officer, NASD, to Arthur Levitt, Chairman, Commission, dated March 6, 2000 and March 21, 2000.

⁶ Nasdaq has committed to intensify its efforts (including, at the Commission's request, hiring an independent consultant to advise on capacity issues) to help ensure that it manages its growth responsibly. The NASD has assured the Commission that Nasdaq will dedicate all required

Subsequently, on April 13, 2000, the Commission issued an Order staying the original deadlines for decimalization.⁷ In the April 13 Order, the Commission also requested comment on two alternatives for implementing decimal pricing in exchange-listed equity securities this year. The first alternative would begin decimal pricing in all exchange-listed securities on or before September 4, 2000 ("Dual Pricing"). Congressman Thomas Bliley, Michael Oxley, and Edward Markey had strongly urged the implementation of decimal pricing on or before September 4, 2000 because of the benefits to investors.⁸ The second alternative envisioned a temporary or "pilot" program to begin decimal pricing in certain exchange-listed securities and options on or before September 4, 2000 ("Decimals Pilot"). Under both alternatives, all stocks would be traded in decimals by March 31, 2001.⁹

II. Summary of Comments

The Commission received 36 comment letters on the decimal implementation alternatives presented in the April 13 Order.¹⁰ Nine individuals urged the Commission to support full decimalization for both exchanged-listed and Nasdaq securities either immediately or no later than the July 3, 2000 start-up date proposed in the Commission's original Order.¹¹ Two

resources and the attention of senior management to the conversion to decimal pricing. The Commission is monitoring Nasdaq's efforts closely.

⁷ See Securities Exchange Act Release No. 42685 (April 13, 2000), 65 FR 21046 (April 19, 2000) ("April 13 Order"); see also Securities Exchange Act Release No. 42516 (March 10, 2000), 65 FR 14637 (March 17, 2000).

⁸ See Letter from Chairman Thomas Bliley, Committee on Commerce, U.S. House of Representatives; Chairman Michael G. Oxley, Subcommittee on Finance and Hazardous Materials, U.S. House of Representatives; and Congressman Edward J. Markey Ranking Member, Subcommittee on Telecommunications, Trade, and Consumer Protection, U.S. House of Representatives to Arthur Levitt, Chairman, Commission, dated April 4, 2000 ("Commerce Committee Letter").

⁹ Nasdaq has assured the Commission that it will be able to support decimal trading of exchange-listed securities by Labor Day of this year (*i.e.*, for the third market), and of Nasdaq stocks by March 31, 2001. See Letter from Richard G. Ketchum, President, NASD, to Annette Nazareth, Director, Division of Market Regulation ("Division") and Robert L. D. Colby, Deputy Director, Division, dated April 12, 2000.

¹⁰ Copies of the comment letters are available in the Public Reference Room in file No. 4-430.

¹¹ See e-mail from Nathaniel J. Olsson, dated April 23, 2000; e-mail from Don Welsh, dated April 23, 2000; e-mail from Michael Esch, dated April 22, 2000; e-mail from H. Rogers, dated April 23, 2000; e-mail from D. Zilant, dated April 23, 2000; e-mail from Steve Sutherland, dated May 3, 2000; e-mail from Patrick Murray, dated May 4, 2000; e-mail from Douglas Hawkins, dated May 23, 2000; and e-mail from Peter Pfeiffer, dated May 12, 2000 (who identifies himself as a programmer analyst and sees

vendors favored the Dual Pricing alternative proposed in the April 13 Order, in which all exchange-listed stocks would be priced in decimals on or before September 4, 2000.¹² Nine commenters, consisting of broker-dealers, exchanges, and service bureaus, however, argued in favor of postponing any decimalization until a date closer to when Nasdaq is prepared to price its securities in decimals on March 31, 2001.¹³ The remaining 16 commenters, consisting of broker-dealers, exchanges, clearing organizations, the NASD, and the SIA, supported some form of phased-in dual pricing on or before September 4, 2000.¹⁴

no technical bars to implementing decimal pricing by July 3, 2000).

¹² See letter from Don Finucane, Vice President, Marketing and Product Development, Standard & Poor's Comstock, dated May 10, 2000 ("S&P Comstock Letter"); and e-mail from ILX Systems, dated May 3, 2000 ("ILX E-Mail").

¹³ Several commenters argued that decimalization should wait until all major securities markets, including Nasdaq, are ready to begin simultaneous. See letter from Fred Reif, Senior Vice President, A.G. Edwards & Sons, Inc., dated May 9, 2000 ("A.G. Edwards Letter"); letter from Paul B. O'Kelly, Executive Vice President, Market Regulation and Legal, CHX, dated May 9, 2000 ("CHX Letter"); letter from Bob Munro, Senior Director, ADP/SIS, dated May 15, 2000 ("ADP/SIS Letter"); letter from Norman Eaker, Principal, Edward Jones, dated May 9, 2000 ("Edward Jones Letter"); e-mail from Robert B. Sloan, Partner, Director of Information Services, J.C. Bradford, dated April 13, 2000 ("Bradford E-Mail"); letter from W. Leo McBlain, Chairman, and Thomas J. Jordan, Executive Director, Financial Information Forum, dated May 15, 2000 ("FIF Letter"); letter from Michael J. Ryan, Jr., Chief of Staff, AMEX, dated May 25, 2000 ("AMEX Letter"); and e-mail from Jeffrey C. Wells, Senior Vice President, Bridge Information Systems, dated May 10, 2000 ("Bridge E-Mail"). One commenter indicated that, in view of the complexities involved and the need for adequate planning and testing, the beginning of any decimalization should be delayed until mid to late October, 2000. See e-mail from Joyce L. Ulrich, First Vice President, Brokerage Applications, Legg Mason, dated May 9, 2000 ("Legg Mason E-Mail"). One commenter suggested that the date for full decimalization implementation be moved from March 31, 2001 to April 30, 2001. See letter from Tracey E. Curvey, Executive Vice President, Online Brokerage Group, Fidelity Investments, dated May 25, 2000 ("Fidelity Letter"). In addition, one commenter suggested that decimalization in exchange-listed securities should be initiated no sooner than early January 2001 in order to shorten the period of dual pricing until decimal pricing in Nasdaq securities can begin on March 31, 2001. See letter from Michael J. Simon, Senior Vice President and General Counsel, ISE, dated May 10, 2000 ("ISE Letter").

¹⁴ Several commenters favored the Decimals Pilot starting on or before September 4, 2000. See letter from Charles J. Henry, President and Chief Operating Officer, CBOE, dated May 2, 2000 ("CBOE Letter"); letter from Scott G. Abbey, Chief Information Officer and Executive Vice President, Paine Webber, Inc., dated May 8, 2000 ("BSE Letter"); letter from Marc E. Lackritz, President, SIA, dated May 10, 2000 ("SIA Letter"); letter from Robert C. King, Chairman, and Lee Korins, President and Chief Executive Officer, Securities Traders Association, dated May 12, 2000 ("STA Letter"); letter from Wayne P. Luthringshausen,

A. Immediate Decimalization

Nine individual investors argued in favor of the Commission mandating all markets to begin decimal pricing in all securities either immediately or at least by the original July 3, 2000 start-up date. These commenters did not address how the markets and the securities industry could accomplish the conversion to decimalization in an orderly manner.

B. Full Dual Pricing Starting On or Before September 4, 2000

Two vendors stated that they would be ready for the Dual Pricing alternative proposed by the April 13 Order.¹⁵ One of the commenters stated that, from a market data vendor's point of view, it would strongly prefer trading to

Chairman, OCC, dated May 17, 2000 ("OCC Letter"); and letter from Philip D. DeFeo, Chairman and Chief Executive Officer, PCX, dated May 17, 2000 ("PCX Letter"). DTCC indicated that it would be ready for the Decimals Pilot on or before September 4, 2000, but indicated that it may be prudent to wait until September 25, 2000, after the options expiration cycle has concluded. See letter from Dennis J. Dirks, Chief Operating Officer, DTCC, dated May 12, 2000 ("DTCC Letter"). The PHLX indicated that the Decimals Pilot starting on or before September 4, 2000 was feasible and clearly preferable to the Dual Pricing alternative, but acknowledged that decimal trading ideally should begin at the end of February 2001. See letter from Meyer S. Frucher, Chairman and Chief Executive Officer, PHLX, dated May 10, 2000 ("PHLX Letter"). The NYSE preferred a modified phase-in schedule that would rapidly expand the number of exchange-listed securities subject to decimal pricing (this proposal is described fully below). See letter from James E. Buck, Senior Vice President and Secretary, NYSE, dated May 16, 2000 ("NYSE Letter"). A major clearing firm also favored a flexible Decimals Pilot that would allow for the addition of more securities if conditions permit. See letter from C. Michael Viviano, Chairman, BNY Clearing Services, LLC, dated April 27, 2000 ("BNY Letter"). The NASD indicated that it could be ready for either Dual Pricing or the Decimals Pilot starting on or before September 4, 2000. See letter from Joan C. Conley, Senior Vice President and Corporate Secretary, NASD, dated May 10, 2000 ("NASD Letter"). One commenter indicated that, while Dual Pricing on or before September 4, 2000 was feasible, minimum pricing increments of a nickel (presumably for at least a phase-in period) would be best in order to permit the industry to experience potential volume increases at a slower pace. Moreover, this commenter acknowledged that dual pricing could result in confusion for its "traders, clearing clients, and prime brokers." See e-mail from George Tumas, Managing Director, Banc of America Securities, dated May 10, 2000 ("Banc of America E-Mail"). Similarly, another commenter indicated that, while it would be ready for Dual Pricing on or before September 4, it would recommend that decimal pricing begin with a large number of exchange-listed securities in nickel minimum pricing increments. After a thorough evaluation of its impact on system and line capacity, decimal pricing in penny increments could begin at a later stage. See e-mail from Sara Banerjee, Vice President, Data Operations and Procurement, and Doug O'Hearen, Vice President, Development, Telekurs Financial, dated May 10, 2000 ("Telekurs E-Mail").

¹⁵ See S&P Comstock Letter and ILX E-Mail *supra* note 12.

commence in all exchange-listed securities in decimals on or before September 4, 2000 (compared to the Decimals Pilot).¹⁶

C. Postponement Until Dates Closer to March 31, 2001

Nine commenters, including broker-dealers, exchanges, and service bureaus, argued that the Commission should implement a relatively brief phase-in period for both exchange-listed and Nasdaq securities—but that the beginning date for this process should be postponed until a date closer to when Nasdaq is prepared to begin pricing its securities in decimals on March 31, 2000.¹⁷ These commenters were concerned about the potential systems difficulties and investor confusion that could arise from an extended period in which exchange-listed securities were priced in decimals while Nasdaq securities were still priced in fractions. The commenters stressed the benefits of postponing decimalization until the conversion could begin in both exchange-listed and Nasdaq securities at the same time. Nevertheless, while these commenters believed that a later start-up date would be advisable or preferable, most recognized that a phase-in schedule starting on or before September 4, 2000 would be technically feasible.

D. Phase-In Starting On or Before September 4, 2000

As discussed above, the remaining commenters agreed that some form of phase-in for decimal pricing for exchange-listed securities could begin on or before September 4, 2000. Some of these commenters preferred an extended pilot of only a small number of securities (along the lines of the Decimals Pilot alternative proposed for comment in the April 13 Order).¹⁸ For example, the SIA believed that a pilot was more feasible than Dual Pricing because a pilot would, among other things, minimize the difficulties faced by the securities industry to create and maintain separate processes, systems, programs, and procedures for both decimals and fractions and would simplify the educational effort directed at the investing public to assist them in understanding how specific securities would be priced.¹⁹ Other commenters, however, supported a more aggressive phase-in of decimal pricing in all exchange-listed securities. The NYSE, for example, favored commencing

decimal pricing in a limited number of NYSE-listed securities, advancing to a full pilot of perhaps 50 NYSE-listed securities during an initial phase-in period of one month or less. The NYSE indicated that an expansion to all of its listed securities could prudently occur after approximately 60 days of trading in all pilot stocks.²⁰ All of these commenters stressed the need for careful planning and systems testing to avoid potential market disruptions and to minimize investor confusion.

E. Minimum Price Increments

The majority of commenters who favored a phase-in process for exchange-listed stocks also believed that at least some exchange-listed securities should be quoted in minimum price increments of a penny. For example, the NYSE favored pricing in pennies in at least some stocks from the beginning of any pilot.²¹

F. Options Pricing

Several of the commenters who favored beginning the decimalization phase-in of exchange-listed securities on or before September 4, 2000, nevertheless recognized that this could present significant problems for the options markets. For example, the three options exchanges that supported some form of phase-in starting on or before September 4, 2000 cited that potential strains on options price reporting systems that could result from widespread decimal pricing in both exchange-listed securities and their related options.²² These concerns were also reflected in the comment letters from the SIA and the OCC.²³ These commenters indicated that plans for the decimalization phase-in should take these concerns into account when setting minimum price increments for both stocks and options, and that it could be necessary to at least temporarily permit some options to trade at wide price increments than those permitted in the related stocks. For example, the SIA and the OCC recommended that options price increments be maintained in a similar manner to what is in existence today, *i.e.*, options with premiums quoted under \$3 per contract would be quoted in nickel increments and options with higher priced

premiums would be quoted in dime increments.²⁴

III. Discussion

Section 11A(a)(2) of the Exchange Act²⁵ directs the Commission, having due regard for the public interest, the protection of investors, and the maintenance of fair and orderly markets, to use its authority under the Exchange Act to facilitate the establishment of a national market system for securities. Section 11A(a)(3)(B) of the Exchange Act gives the Commission the ability to authorize or require by order the self-regulatory organizations “to act jointly * * * in planning, developing, operating, or regulating a national market system.”²⁶ This authority enables the Commission to require joint activity that otherwise might be asserted to have an impact on competition, where the activity serves the public interest and the interests of investors.²⁷

After careful consideration of the comments received in response to the April 13 Order and further analysis, the Commission believes that decimal pricing in exchange-listed securities and options should be phased in beginning on or before September 5, 2000. Because the NASD has indicated that it would be possible to initiate a controlled decimalization phase-in of a limited number of Nasdaq securities on March 12, 2001, the Commission believes that the NASD should implement a phase-in plan on that date and extend decimalization to all Nasdaq securities no later than April 9, 2001. Accordingly, the Commission intends that full implementation of decimal pricing in all exchange-traded and Nasdaq equity securities and options (“Full Implementation”) should be completed no later than April 9, 2001.²⁸ In view of the variety of concerns over immediate, full-scale decimalization in exchange-

²⁴ See SIA Letter and OCC Letter *supra* note 14.

²⁵ 15 U.S.C. 78k-1(a)(2).

²⁶ 15 U.S.C. 78k-1a(a)(B).

²⁷ See, e.g., Securities Exchange Act Release No. 41843 (Sept. 7, 1999), 64 FR 50126 (Sept. 15, 1999); and Securities Exchange Act Release No. 42849 (May 26, 2000), 65 FR 36180 (June 7, 2000) (directing options exchanges to develop strategies to mitigate quote message traffic). The Participants previously requested that, to address concerns about antitrust liability, the Commission order them to work together to coordinate decimal planning.

²⁸ The Commission selected April 9, 2001 as the deadline of Full Implementation to avoid disruptions of securities pricing systems at broker-dealers, mutual funds, and other market participants during the critical period immediately following the quarter-end on March 31, 2000. These pricing systems are essential for accurate quarter-end pricing for millions of mutual fund investors, as well as for large numbers of institutional investors and other market participants who use over-the-counter equity derivatives that employ quarter-end expiration cycles.

¹⁶ See S&P Comstock Letter *supra* note 12.

¹⁷ See *supra* note 13.

¹⁸ See *supra* note 14.

¹⁹ See SIA Letter *supra* note 14.

²⁰ See NYSE Letter *supra* note 14.

²¹ See *id.*

²² The CBOE and PCX favored a phase-in in the form of an extended pilot of decimal pricing in a small number of stocks. See CBOE Letter and PCX Letter *supra* note 14. While the PHLX also supported a pilot, it indicated that widespread decimal pricing in listed stocks would be feasible “with a controlled, phase-in initial period.” See PHLX Letter *supra* note 14.

²³ See SIA Letter and OCC Letter *supra* note 14.

listed securities raised by commenters such as the SIA,²⁹ the Commission believes that careful phasing in of decimal pricing is necessary to ensure the continued orderly operation of the markets and clearing organizations.

The Commission recognizes the concerns expressed by members of Congress and several small investors that decimal pricing in equity securities should be implemented as expeditiously as possible. We continue to believe that the conversion to decimal pricing will benefit investors by enhancing investor comprehension, facilitating globalization of our markets, and potentially reducing transaction costs. Nevertheless, the Commission must ensure that the conversion to decimal pricing is accomplished in an orderly and safe manners. In view of the concerns raised by commenters such as the SIA,³⁰ the Commission believes that an immediate full-scale introduction of decimalization, without adequate planning and systems testing, has the potential to create widespread operational problems in the markets and the securities industry, which in turn could adversely affect investors.³¹

The Commission is aware of the views of some commenters that the optimal conversion process for decimal pricing would involve simultaneous implementation plans for both exchange-listed and Nasdaq securities. Unfortunately, Nasdaq's inability to begin decimalization until March 31, 2001 renders this approach problematic. Moreover, many of the commenters that strongly preferred postponing decimal pricing until Nasdaq securities could be included recognized that at least some decimal pricing in exchange-listed securities would be feasible starting on or before September 4, 2000.

The remainder of the commenters believed that, with proper planning and testing, some phase-in of decimal pricing in exchange-listed securities and options should begin on or before September 4, 2000.³² The Commission is therefore directing the Participants to develop a phase-in plan to begin decimal pricing exchange-listed securities and options on or before

September 5, 2000.³³ The Participants should submit this plan to the Commission no later than 45 days after the issuance of this Order, and each Participant should submit the rule changes necessary to implement the phase-in plan pursuant to Section 19(b) of the Exchange Act no later than 60 days after the issuance of this Order. To facilitate a safe and coordinated conversion to decimal pricing, the phase-in plan should include a formal schedule of testing and readiness reporting to ensure that all Participants are ready to implement decimal pricing within the timeframes specified in the plan.³⁴ Further, the phase-in plan should provide for decimal pricing of at least some options on exchange-listed securities that are participating in the phase-in. The plan should provide for the phasing in of decimal pricing for at least some Nasdaq securities starting no later than March 12, 2001, with decimalization extended to all Nasdaq securities no later than April 9, 2001. Finally, the phase-in plan should provide for Full Implementation by April 9, 2001.³⁵ During this period, the Participants and the Commission will carefully monitor the effects of decimal pricing on systems capacity, liquidity, and trading behavior.

There was little agreement among the commenters regarding a minimum quoting increment during the phase-in periods; suggestions ranged from a dime³⁶ to a penny.³⁷ As a result, the phase-in plan may fix the minimum quoting increment during the phase-in periods, provided that the minimum increment is no greater than five cents³⁸ and no less than one cent for any equity security,³⁹ and that at least some equity securities are quoted in one cent minimum increments.⁴⁰

³³ The Commission believes that the Participants should continue to canvass their members' readiness for decimalization to establish a feasible phase-in schedule with a view towards Full Implementation by April 9, 2001.

³⁴ The Commission expects that the phase-in plan would also include a description of the securities industry's educational efforts directed at the investing public to assist them in understanding how specific securities would be priced.

³⁵ The Commission notes that, while it is mandating a phase-in of decimal pricing, the Participants may set a more aggressive implementation schedule if they determine that decimal pricing can be safely implemented before the April 9, 2001 deadline.

³⁶ See Edward Jones Letter *supra* note 13.

³⁷ See Letter *supra* note 14.

³⁸ Reasonable exceptions may be made for high priced securities.

³⁹ The plan should provide that the minimum increments are no less than one cent for any option on equity securities.

⁴⁰ The Commission assumes that exchange-listed stocks will be quoted on exchanges and the third market in the same increments. Participants should

After the securities industry has gained some experience with the implementation of decimal pricing, the Commission believes that the Participants should study the impact of the use of a minimum pricing variation of one penny on trading patterns, liquidity, and capacity ("Study"). For example, the inter-market communications systems are likely to experience increased quote traffic resulting from the conversion to decimal pricing and other market changes.⁴¹ Therefore, two months after Full Implementation, the Participants must submit (individually or jointly) a study to the Commission regarding the impact of decimal pricing on systems capacity, liquidity, and trading behavior, including an analysis of whether there should be a uniform minimum increment for a security. If a Participant wishes to move to quoting in an increment of less than one cent, the Participant should include a full analysis of the potential impact of such trading on the Participant's market and the markets as a whole.

Within thirty days after submitting the Study, and absent Commission action, the Participants individually must submit for notice, comment, and Commission consideration, proposed rule changes under Section 19(b) of the Exchange Act to establish their individual choice of minimum increments by which equities or options are quoted on their respective markets.

It Is Hereby Ordered, pursuant to Section 11A(a)(3)(B) of the Exchange Act,⁴² that the Participants act jointly in planning, discussing, developing, and submitting to the Commission a phase-in plan, as described above. The Participants are ordered to submit to the Commission a phase-in plan, as described above. The Participants are ordered to submit to the Commission a phase-in plan for the equity and options markets no later than July 24, 2000. In addition, each Participant is ordered to submit the rule changes necessary to implement the phase-in plan no later than August 7, 2000.⁴³ This Order will be effective until the Commission has acted on the proposed rule changes filed

consider whether options should trade in the same format as the underlying security.

⁴¹ See SIAC/SRI Consulting, *Mitigating Options Message Traffic Final Report* (Dec. 14, 1999).

⁴² 15 U.S.C. 78k-1(a)(3)(B).

⁴³ Although Commission staff may be consulted in discussing the proposed phase-in plan, staff presence at joint discussions is not required by this Order. In issuing this Order, the Commission does not address: (a) any joint or other conduct that occurred prior to the issuance of this Order or prior Orders, and (b) any joint or other conduct occurring after the date of this Order that is not ordered or requested by this Order.

²⁹ See SIA Letter *supra* note 14.

³⁰ The SIA's concerns over full-scale dual pricing are discussed in the text accompanying *supra* note 19.

³¹ Moreover, the Commission notes that the securities industry almost universally expressed the view that trading the same securities in both decimals and fractions would be confusing to investors and would disrupt the markets.

³² The Commission notes that, while the first industry test was held on April 8, 2000, industry testing is still ongoing and will continue throughout the summer.

by the individual Participants pursuant to Section 19(b)(2) of the Exchange Act establishing the minimum increments by which equities or options are quoted on the respective markets or until otherwise ordered by the Commission.

By the Commission.

By: Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-15361 Filed 6-16-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[File No. 500-1]

American Healthcare Providers, Inc.; Order of Suspension of Trading

June 15, 2000.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of American Healthcare Providers, Inc. ("American Healthcare") because of questions regarding the accuracy of assertions by American Healthcare, and by others, in press releases concerning, among other things, a contract entered into by American Healthcare.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above listed company.

Therefore, it is ordered, pursuant to Section 12(k) of the Securities Exchange Act of 1934, that trading in the above listed company is suspended for the period from 9:30 a.m. EDT, on Thursday, June 15, 2000 through 11:59 p.m. EDT, on Wednesday, June 28, 2000.

By the Commission.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-15488 Filed 6-15-00; 1:48 pm]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42915; File No. SR-Amex-00-28]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange LLC, Relating to an Increase in Fees for Registered Options Trader and Specialist Transactions in Exchange Traded Fund Shares

June 9, 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 May 25, 2000, the American Stock Exchange LLC ("Amex" 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 Amex proposes to revise fees for Registered Options Trader and Specialist transactions in Exchange Traded Fund Shares.

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 Amex 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 the Statutory Basis for, the Proposed Rule Change

(1) Purpose

The Amex currently imposes charges for transactions in Portfolio Depositary Receipts ("PDRs"), Index Fund Shares and Trust Issued Receipts ("TIRs") executed on the Exchange. Currently, charges include fees for

Registered Options Trader and Specialist transactions in PDRs, Index Fund Shares and TIRs, including Nasdaq-100 Index Trust, SPDRs, DIAMONDS, WEBS, MidCap SPDRs, Select Sector SPDRs, and HOLDRs. The current rate for Specialist transactions in these products is \$0.006 per share (\$0.60 per 100 shares), capped at \$300 per trade (50,000 shares). The current rate for Registered Options Trader transactions is \$0.007 per share (\$0.70 per 100 shares), capped at \$350 per trade (50,000 shares). Off floor orders (*i.e.*, customer and broker-dealer) are charged \$0.006 per share (\$0.60 per 100 shares), capped at \$100 per trade (16,667 shares).

The Exchange proposes to revise fees for Registered Options Trader and Specialist transactions in PDRs, Index Fund Shares and TIRs. The Exchange will apply the revised transaction fees to all Registered Options Trader and Specialist transactions in currently traded as well as newly listed PDRs, Index Fund Shares and TIRs. The proposed revision is in the amount of \$0.03 per 100 shares for Specialist and Registered Options Trader transactions. As a result, upon implementation of the proposed fee revision, Specialist fees for transactions in PDRs, Index Fund Shares and TIRs will increase from \$0.006 per share (\$0.60 per 100 shares) to \$0.0063 per share (\$0.63 per 100 shares) and Registered Options Trader fees will increase from \$0.007 per share (\$0.70 per 100 shares) to \$0.0073 per share (\$0.73 per 100 shares).

The Exchange is undertaking the proposed revision in fees to offset increased Exchange expenses and costs associated with the continued development, listing and trading of additional PDRs, Index Fund Shares and TIRs. Because the proposed revision in fees will better enable the Exchange to further develop, list and trade new Exchange Traded Fund Shares, the Exchange believes it is appropriate and necessary to implement the revised fee schedule.

(2) Statutory Basis

The proposed rule change is consistent with Section 6(b)³ of the Act in general and furthers the objectives of Section 6(b)(4)⁴ in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using its facilities.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(4).