

would eliminate the Series 7B Examination as an alternate requirement for floor clerks. The CHX's Floor Membership Examination addresses the rules and practices of other Exchange's trading floor but has broader coverage than the Series 7B Examination.<sup>9</sup>

### III. Discussion

The Commission finds that the Exchange's proposal is consistent with the requirements of Section 6 of the Act,<sup>10</sup> and particularly Sections 6(c)(3)(A) and (B)<sup>11</sup> thereunder. Section 6(c)(3)(A) of the Act<sup>12</sup> provides that a national securities exchange may deny membership to, or condition the membership of, registered broker-dealer if any natural persons associated with such broker or dealer do not meet such standards of training, experience and competence as are prescribed by the rules of the exchange.<sup>13</sup>

Under Section 6(c)(3)(B) of the Act,<sup>14</sup> a national securities exchange may bar a natural person from becoming associated with a member if the person does not meet the exchange's standards of training, experience, or competence, or if the person has engaged and there is a reasonable likelihood the person will engage again in acts or practices inconsistent with just and equitable principles of trade. Under these statutory provisions, the various national securities exchange, including the CHX, are empowered to implement rules establishing the prerequisites to qualify and approve persons associated with members to engage in securities activities.

The Commission finds that the proposed rule change is consistent with the Act because the proposed rule change will help the Exchange to ensure that floor clerks satisfy prescribed standards of training, experience, and competence. Although the proposed rule change would eliminate the Series 7B Examination for floor clerks who may accept orders from professional customers for execution on the Exchange's trading floor, the subject matter included in the Series 7B Examination is covered, in part, by the

recently implemented CHX Floor Membership Examination. The Commission believes that successful completion of the Floor Membership Examination and Series 7A Examination would help to ensure that floor clerks who may accept orders from professional customers for execution on the Exchange's trading floor are sufficiently familiar with the rules and practices of the Exchange's trading floor.

Moreover, the Commission previously approved a virtually identical proposal by the NYSE.<sup>15</sup> The NYSE recently eliminated the Series 7B Examination and now requires its floor clerks to pass a new Trading Assistant Examination ("Series 25 Examination")<sup>16</sup> and either the Series 7 Examination or the Series 7A Examination before becoming eligible to accept professional orders.<sup>17</sup> Like the CHX's Floor Membership Examination, the NYSE's new Trading Assistant Examination contains questions relating to its floor rules and policies and, according to the NYSE, has broader coverage than the questions formerly included in the Series 7B Examination.

### IV. Conclusion

For the reasons discussed above, the Commission finds that the proposal is consistent with the Act and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>18</sup> that the proposed rule change, SR-CHX-00-07, as amended, be and hereby is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>19</sup>

**Jonathan G. Katz,**

*Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43064; File No. SR-Phlx-00-55]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc., Amending Its Rules To Mandate Decimal Pricing Testing

July 21, 2000.

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 July 11, 2000, the Philadelphia Stock Exchange, Inc. ("Phlx" 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 Phlx. The Phlx has designated this proposal as one concerned solely with the administration of the Phlx under Section 19(b)(3)(A)(iii) of the Act,<sup>3</sup> which renders the proposal effective upon filing with the Commission. 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 Phlx Rule 650 (currently titled "Mandatory Participation in Year 2000 Testing")<sup>4</sup> to require members and member organizations to participate in computer systems tests designed to prepare for the securities industry's conversion to decimal pricing. The Exchange proposes to change the title of Phlx 650 to "Mandatory Participation in Decimalization Testing."

The text of the proposed rule change is available upon request from the Phlx or 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 Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed

<sup>9</sup> Telephone conversation between Michael Cardin, Market Regulation Department, CHX and Susie Cho, Attorney, Division, Commission, on April 5, 2000.

<sup>10</sup> In approving this rule, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>11</sup> 15 U.S.C. 78f(c)(3)(A) and (B).

<sup>12</sup> 15 U.S.C. 78d(c)(3)(A).

<sup>13</sup> Under Section 15(b)(8) of the Act, all registered brokers or dealers must be members of an SRO—either a securities association or a national securities exchange. 15 U.S.C. 78o(b)(8).

<sup>14</sup> 15 U.S.C. 78f(c)(3)(B).

<sup>15</sup> See Securities Exchange Act Release No. 42092 (November 2, 1999), 64 FR 61375 (November 10, 1999).

<sup>16</sup> See Securities Exchange Act Release No. 40943 (January 13, 1999), 64 FR 3330 (January 21, 1999) (order approving the Series 25 Examination).

<sup>17</sup> See Securities Exchange Act Release No. 42092 (November 2, 1999), 64 FR 61375 (November 10, 1999) (order approving the elimination of the Series 7B Examination and establishing the Series 7A Examination as the appropriate qualification examination for NYSE floor clerks).

<sup>18</sup> *Id.*

<sup>19</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> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>4</sup> Testing in connection with the Year 2000 date change has been completed and the current requirements of the rule are no longer necessary. Telephone conversation between Jurij Trypupenko, Counsel, Phlx, and Matthew Boesch, Division of Market Regulation, Commission, on July 14, 2000.

any comments it received regarding 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 Exchange, in cooperation with the Commission, other self-regulatory organizations, and the Securities Industry Association, has been working toward a successful transition to decimal pricing. Advance testing by and among the various securities industry constituencies its necessary to avoid widespread problems during the transition. The Exchange has been conducting point-to-point testing of computers and computer-related systems of "upstairs" member firms that have computer interfaces with the Exchange<sup>5</sup> to ascertain the compatibility of such systems with the planned conversion to decimal pricing.

The purpose of the proposed rule change is to bring the efforts of the Phlx regarding decimal pricing testing into conformity with industry-wide decimalization testing efforts and to make mandatory the point-to-point testing of computers and computer-related systems which interface with the Exchange's systems. The rule, as amended, would require members and member firms that undergo decimalization testing to provide reports of such tests to the Exchange. According to the rule, the Exchange may indicate the manner and frequency of the testing and reporting requirements.

A member or member organization that violates the rule may be subject to disciplinary action pursuant to the Exchange's rules.<sup>6</sup>

The rule will expire automatically once decimal pricing has been fully implemented industry-wide.

<sup>5</sup> Member firms that have computer equipment on the trading floors of the Exchange generally are exempted from point-to-point testing because the Exchange's internal testing encompasses all on-floor equipment and interfaces.

<sup>6</sup> Rule 650 provides that a member or member firm can be exempted from the requirements of the rule if the member or member firm (1) cannot be accommodated in the testing schedule, (2) does not employ computers in its business, (3) has an electronic interface through a service provider that conducts successful testing with the Exchange; or for other reasons determined by the Exchange.

**2. Statutory Basis**

The Phlx believes that rule change, whose purpose is to ensure the participation of Exchange members in important testing prior to the securities industry's conversion to decimal pricing, is consistent with Section 6(b) of the Act<sup>7</sup> in general and furthers the objectives of Section 6(b)(5)<sup>8</sup> in particular in that it is designed 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 inappropriate 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 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 is concerned solely with the administration of the Exchange, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>9</sup> and subparagraph (f)(3) of Rule 19b-4 thereunder.<sup>10</sup> At any time within 60 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

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

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>10</sup> 17 CFR 240.19b-4(f)(3).

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 Exchange. All submissions should refer to File No. SR-Phlx-00-55 and should be submitted by August 21, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

**Jonathan G. Katz,**  
*Secretary.*

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**DEPARTMENT OF STATE**

**[Public Notice #3347]**

**Bureau of Intelligence and Research;  
Advisory Committee for the Study of  
Eastern Europe and the Independent  
States of the Former Soviet Union  
Notice of Committee Renewal**

*I. Renewal of Advisory Committee.*  
The Department of State has renewed the Charter of the Advisory Committee for the Study of Eastern Europe and the Independent States of the Former Soviet Union. This advisory committee makes recommendations to the Secretary of State on funding for applications submitted for the Research and Training Program on Eastern Europe and the Independent States of the Former Soviet Union (Title VIII). These applications are submitted in response to an annual, open competition among U.S. national organizations with interest and expertise administering research and training programs in the Russian, Eurasian, and East European fields. The program seeks to build and sustain U.S. expertise on these regions through support for advanced graduate training, language training, and postdoctoral research.

The committee includes representatives of the Secretaries of Defense and Education, the Librarian of Congress, and the Presidents of the American Association for the Advancement of Slavic Studies and the Association of American Universities. The Assistant Secretary for Intelligence and Research chairs the advisory committee for the Secretary of State. The committee meets at least annually to recommend grant policies and recipients.

<sup>11</sup> 17 CFR 200.30-3(a)(12).