

intent of the proposed rule, the Commission believes that good cause exists, consistent with Sections 6(b)(5)<sup>8</sup> and 19(b)<sup>9</sup> of the Act, to approve Amendment No. 1 on an accelerated basis.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning Amendment No. 1, including whether Amendment No. 1 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 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-99-31 and should be submitted by August 25, 2000.

#### V. Conclusion

*It Is Therefore Ordered*, pursuant to Section 19(b)(2) of the Act,<sup>10</sup> that the amended proposed rule change (SR-CHX-99-31) be and hereby is approved.

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

**Margaret H. McFarland,**  
Deputy Secretary.

[FR Doc. 00-19737 Filed 8-3-00; 8:45 am]

**BILLING CODE 8010-01-M**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43090; File No. SR-MSRB-00-9]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Municipal Securities Rulemaking Board Consisting of Technical Amendments to Rules G-8 and G-15

July 31, 2000.

On July 14, 2000, the Municipal Securities Rulemaking Board ("Board" or "MSRB") filed with the Securities and Exchange Commission ("Commission") a proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act")<sup>1</sup> and Rule 19b-4 thereunder.<sup>2</sup> The proposed rule change is described in Items I, II, and III below, which Items have been prepared by the Board. 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 Board has filed with the Commission a proposed rule change consisting of technical amendments to MSRB Rules G-8, on books and records to be made by brokers, dealers and municipal securities dealers, and G-15, on confirmation, clearance and settlement of transactions with customers. The proposed rule change will become operative on September 19, 2000. The text of the proposed rule change is set forth below. Additions are *italicized*; deletions are [bracketed].

#### Rule G-8. Books and Records to be Made by Brokers, Dealers and Municipal Securities Dealers

(a)-(e) No change.  
(f) Compliance with Rule 17a-3. Brokers, dealers and municipal securities dealers other than bank dealers which are in compliance with rule 17a-3 of the Commission will be deemed to be in compliance with the requirements of this rule, provided that the information required by subparagraph (a)(iv)(D) of this rule as it relates to uncompleted transactions involving customers; paragraph (a)(viii); and paragraphs (a)(xi) [; paragraph (a)(xii), paragraph (a)(xiii); paragraph (a)(xiv); paragraph (a)(xv); paragraph (a)(xvi); paragraph (a)(xvii); paragraph (a)(xviii); and paragraph (a)(xix)] *through (a)(xx)* shall in any event be maintained.

#### Rule G-15. Confirmation, Clearance and Settlement of Transactions with Customers

(a)-(c) No change.  
(d) Delivery/Receipt vs. Payment Transactions.  
(i) No change.  
(ii) Requirement for Confirmation/Acknowledgment.  
(A) No change.  
(B) Definitions for Rule G-15(d)(ii).  
(1) No change.  
(2) "Qualified Vendor" shall mean a vendor of electronic confirmation and acknowledgement services that:  
(a)-(c) No change.  
(d) Notifies the Commission staff immediately in writing of any material change to its confirmation/affirmation systems. (For purposes of this subparagraph (d)(D)) "material change" means any changes to the vendor's systems that significantly affect or have the potential to significantly affect its electronic trade confirmation/acknowledgment systems, including: (i) Affect or potentially affect the capacity or security of its electronic trade confirmation/acknowledgment system; (ii) rely on new or substantially different technology; (iii) provide a new service as part of the Qualified Vendor's electronic trade confirmation/acknowledgment system; or (iv) affect or have the potential to adversely affect the vendor's confirmation/acknowledgment system's interface with a Clearing Agency.);  
(e)-(g) No change.  
(3) No change.  
(C) No change.  
(iii) No change.  
(e) No change.

#### 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 Board 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 Board 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, Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The Board is proposing technical amendments to MSRB Rules G-8 and G-15 for the purpose of making the following non-substantive changes:

First, on March 16, 2000, the Commission approved amendments to MSRB Rule G-8, on books and records, MSRB Rule G-27, on supervision, and MSRB Rule G-9, on preservation of records (the "Supervision Amendments"), relating to supervisory procedures for reviewing

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

<sup>9</sup> 15 U.S.C. 78f(b).

<sup>10</sup> 15 U.S.C. 78s(b)(2).

<sup>11</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.

correspondence with the public.<sup>3</sup> The Supervision Amendments become effective on September 19, 2000. Among other things, they provide for maintaining records of written supervisory procedures and correspondence relating to a municipal securities representative's municipal securities activities.

Under current MSRB Rule G-8(f), a non-bank dealer is deemed to be in compliance with its recordkeeping obligations under MSRB Rule G-8 if it is in compliance with the SEC's recordkeeping rule,<sup>4</sup> provided that the dealer must still maintain certain types of records identified in MSRB Rule G-8 that are specifically required under Board rules and are unique to the municipal securities market. The technical amendment to MSRB Rule G-8(f) set forth in this filing requires a non-bank dealer relying on Exchange Act Rule 17a-3 for the maintenance of its books and records to nonetheless maintain the records of supervisory procedures and correspondence required by the recent amendments.

Second, the amendment proposed to MSRB Rule G-15(d)(ii)(B)(2)(d) makes a paragraph reference consistent with the Board's general usage of such references throughout the rules.

## 2. Basis

The Board believes the proposed rule change is consistent with 15B(b)(3)(C) <sup>5</sup> of the Exchange Act, which requires, in pertinent part, that the Board's rules:

be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities, to remove impediments to and perfect the mechanism of a free and open market in municipal securities, and, in general, to protect investors and the public interest.

The Board believes that the proposed rule change is consistent with the Exchange Act because it ensures that existing rule provisions are accurate, understandable and consistent.

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

The Board 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 Exchange Act because it would apply equally to all brokers,

dealers and municipal securities dealers.

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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; (iii) was provided to the Commission for its review at least five business days prior to the filing date; and (iv) does not become operative until September 19, 2000,<sup>6</sup> which is more than thirty days after the date of its filing, the Board has submitted this proposed rule change to become effective pursuant to Section 19(b)(3)(A) <sup>7</sup> of the Exchange Act and Rule 19b-4(e)(6) <sup>8</sup> thereunder. In particular, the Board believes the proposed rule change qualifies as a "non-controversial filing" because the proposed rule change does not significantly affect the protection of investors or the public interest and does not impose any significant burden on competition.

## 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 Room. Copies of the filing will also be available for inspection and copying at the Board's principal offices. All

submissions should refer to File No. SR-MSRB-00-9 and should be submitted by August 25, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>9</sup>

Margaret H. McFarland,  
Deputy Secretary.

[FR Doc. 00-19771 Filed 8-3-00; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43082; File No. SR-NASD-00-43]

## Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the National Association of Securities Dealers, Inc. Amending Section 4.2 of the NASD Regulation, Inc. Bylaws Relating to the Size of the NASD Regulation, Inc. Board

July 27, 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 21, 2000, the National Association of Securities Dealers, Inc. ("NASD") 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 NASD. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

## I. Self-Regulatory Organization's Statements of the Terms of Substance of the Proposed Rule Change

The purpose of the proposed rule change is to change Section 4.2 of the NASD Regulation, Inc. ("NASD Regulation") By-laws relating to the size of the NASD Regulation Board to conform to a recently approved parallel change to the Nasdaq Stock Market, Inc. ("Nasdaq") By-laws. Proposed new language is italicized; proposed deletions are bracketed.

## ARTICLE IV

## BOARD OF DIRECTORS

\* \* \* \* \*

## Number of Directors

Sec. 4.2 The Board shall consist of no fewer than five and no more than ten Directors, the exact number to be determined by resolution adopted by the stockholder of

<sup>3</sup> See Securities Exchange Act Release, No. 42538, 65 FR 15675 (March 23, 2000).

<sup>4</sup> Exchange Act Rule 17a-3, 17 CFR 240.17a-3.

<sup>5</sup> 15 U.S.C. 780-4(b)(2)(C).

<sup>6</sup> This date coincides with the effective date of the Supervision Amendments.

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>8</sup> 17 CFR 240.19b-4(e)(6).

<sup>9</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.