

or Federal awarding agency, as may be appropriate in the circumstances. Subrecipients should contact their pass through entity. Federal agencies should contact Terrill W. Ramsey, Office of Management and Budget, Office of Federal Financial Management, Financial Standards, Reporting and Management Integrity Branch, telephone (202) 395-3993.

**Joshua Gotbaum,**

*Executive Associate Director and Controller.*

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## SECURITIES AND EXCHANGE COMMISSION

### Request for Public Comment

Upon Written Request, Copies Available From Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549

#### Extension:

Rule 19b-4 and Form 19b-4, SEC File No. 270-38, OMB Control No. 3235-0045

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Section 19(b) of the Securities Exchange Act of 1934 ("Act") (15 U.S.C. 78s(b)) requires each self-regulatory organization ("SRO") to file with the Commission copies of any proposed rule, or any proposed change in, addition to, or deletion from the rules of such SRO. Rule 19b-4 (17 CFR 240.19b-4) implements the requirements of Section 19(b) by requiring the SROs to file their proposed rule changes on Form 19b-4 and by clarifying which actions taken by SROs are deemed proposed rule changes and so must be filed pursuant to Section 19(b).

The collection of information is designed to provide the Commission with the information necessary to determine, as required by the Act, whether the proposed rule change is consistent with the Act and the rules thereunder. The information is used to determine if the proposed rule change should be approved or if proceedings should be instituted to determine whether the proposed rule change should be disapproved.

The respondents to the collection of information are self-regulatory organizations (as defined by the Act), including national securities exchanges, national securities associations, registered clearing agencies and the Municipal Securities Rulemaking Board.

Twenty-four respondents file an average total of 500 responses per year, which corresponds to an estimated annual response burden of 17,500 hours. At an average cost per response of \$2,175, the resultant total related cost of compliance for these respondents is \$1,087,500 per year (500 responses × \$2,175/response = \$1,087,500).

Written comments are invited on (a) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Direct your written comments to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549.

Dated: March 29, 2000.

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42582; File No. SR-Amex 99-42]

### Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the American Stock Exchange LLC Revising Section 107B of the Amex Company Guide

March 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>

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

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

notice is hereby given that on October 13, 1999, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission the proposed rule change as described in Items I, and II below, which Items have been prepared by the Amex. On December 1, 1999, the Amex submitted Amendment No. 1 to the proposed rule change.<sup>3</sup> The Commission is publishing this notice and order to solicit comments on the proposed rule change, as amended, from interested persons and to grant accelerated approval on the proposed rule change, as amended.

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

The Exchange seeks to revise Section 107B of the Amex Company Guide concerning the listing standards for the listing of equity linked notes ("ELNs"). The Exchange proposes to allow more than one equity security to be linked to an ELN, thereby creating a basket of equity securities to be linked to an ELN, provided that each of the underlying equity securities meets the listing standards for ELNs set forth in Section 107B. The Exchange proposes to cap the maximum number of underlying equity securities that may be linked to an ELN at 20.<sup>4</sup>

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

##### 1. Purpose

On May 20, 1993, the Exchange received Commission approval to adopt Section 107B of the Amex Company Guide to provide for the listing and

<sup>3</sup> See Letter from Scott Van Hatten, Legal Counsel, Amex, to Nancy Sanow, Senior Special Counsel, Division of Market Regulation, Commission, dated December 1, 1999 ("Amendment No. 1"). Amendment No. 1 proposed to cap the maximum number of underlying equity securities that may be linked to an ELN at 20.

<sup>4</sup> *Id.*

trading of ELNs, hybrid instruments whose values are linked to the performance of highly capitalized, actively traded equity securities.<sup>5</sup> ELNs are non-convertible debt securities. Their value is derived from the value of another issuer's common stock or non-convertible preferred stock.

Section 107B of the Amex Company Guide sets forth the Exchange's listing standards for ELNs. Specifically, Section 107B requires that the equity securities linked to ELNs each must have (i) a minimum market capitalization of \$3 billion and during the 12 months preceding listing shown to have traded at least 2.5 million shares; (ii) a minimum market capitalization of \$1.5 billion and during the 12 months preceding listing shown to have traded at least 10 million shares; or (iii) a minimum market capitalization of \$500 million and during the 12 months preceding listing shown to have traded at least 15 million shares.

The Exchange occasionally receives proposals to list ELNs that are linked to more than one equity security. The Exchange believes that linking more than one equity security to an ELN is appropriate only if each of the underlying securities meets the listing standards for ELNs set forth in Section 107B. Furthermore, the Exchange proposes to cap the maximum number of underlying securities that may be linked to an ELN at 20.<sup>6</sup> Accordingly, the Exchange proposes to amend the text of Section 107B to clarify that ELNs may be linked to more than one equity security only if all of the underlying equity securities individually satisfy the applicable listing standards set forth in Section 107B of the Amex Company Guide.

## 2. Statutory Basis

The Exchange represents that the proposed rule change 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 prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, foster cooperation and coordination with persons engaged in facilitating transactions in securities, and remove impediments to and perfect the mechanism of a free and open market and a national market system.

### *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 that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

## III. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended, is consistent with the Act. Additionally, the Commission seeks comment on whether the rule should contain a maximum number of underlying securities linked on an ELN. If so, is 20 an appropriate maximum number of underlying equity securities? Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., 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 Section, 450 Fifth Street, NW, Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the Amex. All submissions should refer to the File No. SR-Amex-99-42 and should be submitted by April 25, 2000.

## IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

After careful consideration, the Commission finds, for the reasons set forth below, that the Amex's proposal is consistent with the requirements of the Act and the rules and regulations thereunder. Specifically, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act.<sup>9</sup> Section 6(b)(5) of the Act requires

that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, foster cooperation and coordination with persons engaged in facilitating transactions in securities, and remove impediments to and perfect the mechanism of a free and open market and a national market system. The proposal is consistent with Section 6(b)(5) of the Act because by requiring each of the equity securities linked to ELNs to meet the listing standards set forth in Amex Company Guide Section 107B, the integrity of the security is strengthened and the likelihood and susceptibility of ELN baskets to manipulation is reduced.<sup>10</sup>

The Commission finds good cause for approving the proposed rule change prior to the 30th day after the date of publication of notice thereof in the **Federal Register**. The Commission finds that because each of the equity securities linked to ELNs must meet the Exchange's listing standards for ELNs, increased financial stability in the marketplace and enhanced market integrity are provided for. Moreover, the Commission finds that these listing standards are designed to reduce the likelihood and susceptibility of ELN baskets to manipulation. Therefore, the Commission finds good cause for approving the proposed rule change on an accelerated basis.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>11</sup> proposed rule change (SR-Amex-99-42), as amended, is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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<sup>5</sup> Securities Exchange Act Release No. 32343 (May 20, 1993), 58 FR 30833 (May 27, 1993).

<sup>6</sup> See *supra*, note 3.

<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. 78f(b)(5).

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

<sup>11</sup> 15 U.S.C. 78s(b)(2).

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