

and compensation information not yet reported to the RRB through the annual reporting process. The reporting requirements are specified in 20 CFR 209.4 and 209.5.

The RRB currently utilizes Form G-88a, *Employer's Supplemental Report of Service and Compensation* and Form AA-12, *Notice of Death and Statement of Compensation*, to obtain the required lag service and compensation and related information from railroad employers.

The RRB proposes to obsolete Form G-88a. Form G-88a will be replaced by two forms, Form G-88a.1, Notice of Retirement and Request for Verification of Date Last Worked, and G-88a.2, Notice of Retirement and Request for Service Needed for Eligibility. Form G-88a.1 will be sent by the RRB to railroad employers and used for the specific purpose of verifying information previously provided to the RRB regarding the date last worked by the employee. If the information is correct, the employer need not reply. If the information is incorrect, the employer is asked to provide corrected information. Form G-88a.2 will be used by the RRB to secure lag service and compensation information when it is needed to determine benefit eligibility. Both proposed forms will direct the railroad employers to fax the information directly to the RRB. It is expected that the proposed new forms will be easier for railroad employers to complete and encourage a speedier reply, allowing the RRB to pay applicants in a more timely and accurate manner. A minor editorial change is proposed to Form AA-12.

The completion time for proposed forms G-88a.1 and G-88a.2 is estimated at 5 minutes per response. The estimated completion time for Form AA-12 is estimated at 6½ minutes per response. The RRB estimates that approximately 800 Form AA-12's, 2,300 Form G-88a.1's and 1,200 G-88.2's will be completed annually.

ADDITIONAL INFORMATION OR COMMENTS: To request more information or to obtain a copy of the information collection justification, forms, and/or supporting material, please call the RRB Clearance Officer at (312) 751-3363. Comments regarding the information collection should be addressed to Ronald J. Hodapp, Railroad Retirement Board, 844 North Rush Street, Chicago, Illinois 60611-2092. Written comments should be received within 60 days of this notice.

Chuck Mierzwa,
Clearance Officer.

[FR Doc. 00-12199 Filed 5-15-00; 8:45 am]

BILLING CODE 7905-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42770; File No. SR-NYSE-99-31]

Self-Regulatory Organizations; New York Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Amending Exchange Rules 902, 903 and 906

May 10, 2000.

I. Introduction

On June 30, 1999, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") submitted to 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 amend Exchange Rules 902, 903 and 906.

The proposed rule change was published for comment in the **Federal Register** on September 1, 1999. No comments were received on the proposal. This order approves the proposal.

II. Description of the Proposal

The Exchange proposes to amend NYSE Rules 902, 903 and 906 to permit coupled orders to be submitted after the official closing of the 9:30 a.m. to 4:00 p.m. trading session until 5:00 p.m. (the period after the 4:00 p.m. close until 5:00 p.m. hereafter referred to as "Crossing Session 1") where both sides represent member or member organization interest, in circumstances in which a specialist has included another member's or member organization's interest in offsetting the imbalance when setting a closing price.

In 1991, the Exchange established its "Off-Hours Trading Facility."³ In connection with its implementation, the Exchange adopted its "900" series of rules to govern trading, order eligibility, order entry and record keeping requirements.⁴

At 4:00 p.m. each day, the Exchange completes its normal procedure for the close of trading of the 9:30 a.m.-4:00 p.m. trading session. After 4:00 p.m., a common message switch broadcast message is published announcing the commencement of Crossing Session 1, which runs until 5:00 p.m.

During Crossing Session 1, the Off-Hours Trading Facility permits members

and member organizations to enter orders to be executed at the NYSE closing price, that is, the price established by the last regular way sale in a security at the official closing of the 9:30 a.m. to 4:00 p.m. trading session. Orders may be entered for any Exchange listed issue, other than a security that is subject to a trading halt at the close of the regular trading session (including a Rule 80B trading halt) or is halted after 4:00 p.m.

The Exchange proposes to modify certain rules pertaining to Crossing Session 1 in an effort to reduce volatility and price dislocations at the 4:00 p.m. close by enabling the specialist to reflect legitimate market interest that was willing to participate in the close, but could not enter a timely order.

In circumstances in which a stock has an imbalance of market-on-close or limit-on-close orders, or when the closing price will elect a significant volume of stop orders, there may be little time to attract offsetting orders. A member, member organization or a customer may be willing to offset the imbalance, but be unable to enter an order before 4:00 p.m. The specialist may then have to acquire a substantial position or halt trading.

Under NYSE Rule 902, coupled orders to buy and sell the same amount of the same security may be entered into Crossing Session 1. However, such coupled orders may not be entered if they are both for an account of a member or member organization, or for an account in which an "associated person" of a member or member organization has an interest.

Therefore, while a specialist member organization may enter an order coupled with a contra-side order from a non-member in Crossing Session 1, it may not enter an order coupled with an order for a member's or member organization's account.

The Exchange proposes to amend NYSE Rule 902 to permit coupled orders to be submitted to Crossing Session 1 where both sides represent member or member organization interest, in circumstances in which a specialist has included another member's or member organization's interest in offsetting the imbalance when setting a closing price. Thus, the specialist may increase his or her participation at the close in anticipation of trading with a member or member organization in Crossing Session 1 and the closing price should reflect less of an imbalance.

Under NYSE Rule 903, orders entered in Crossing Session 1, including coupled orders, are executed at the 5:00 p.m. close of the session. Under NYSE

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 29237 (May 24, 1991), 56 FR 24853 (May 31, 1991) (Files No. SR-NYSE-90-52 and SR-NYSE-90-53).

⁴ See *id.*

Rule 906, if the Exchange determines that material news is disclosed between 4:00 p.m. and 5:00 p.m., such as news about a corporate development, the Exchange will cancel orders received in Crossing Session 1 and will preclude the entry of any subsequent orders. However, in the circumstances outlined above, it is the Exchange's view that a good faith negotiation tied to establishing the closing price should not be affected by a subsequent event which "halts" trading.

Therefore, the Exchange proposes to amend NYSE Rules 903 and 906 to permit trades for the account of a specialist and a member, member organization or a non-member to be executed immediately when entered into Crossing Session 1, not at 5:00 p.m., regardless of whether the Exchange has determined that all other Crossing Session 1 orders be canceled and precluded from entry. In addition, the Exchange proposes to require a specialist to obtain Floor Official approval for the entry of his or her order into Crossing Session 1 if such order is not to be at the risk of the market, *i.e.*, it will be executed immediately and will not be precluded from entry because of a trading "halt." The Exchange believes this requirement will help to insure that orders which are intended to offset the specialist's participation at the close have been reflected when the closing price was established. Other coupled orders would continue to be executed at 5:00 p.m., subject to the stock not being withdrawn from Crossing Session 1. The Exchange believes that retaining this provision for other coupled orders is appropriate for the protection of investors who may not be aware of the corporate development.

Under the proposal, total executed volume for coupled orders which are executed either immediately upon entry or at 5:00 p.m. will be reported to the tape as a single print, and will continue to be reported as "sold."

Discussion

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.⁵ In particular, the Commission finds the proposal is consistent with Section 6(b)(5) of the Act,⁶ which requires that an Exchange promulgate rules that are designed to promote just and equitable principles of

trade, to remove impediments to and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange's proposed amendment to NYSE Rule 902 should allow a specialist to increase his or her participation at the close in anticipation of trading with a member or member organization in Crossing Session 1, thereby resulting in a more orderly close during periods of extraordinary volatility.

The Exchange also proposes to amend NYSE Rules 903 and 906 to permit trades for the account of a specialist and a member, member organization or a non-member to be executed immediately when entered into Crossing Session 1, rather than at 5:00 p.m. The amendment will allow such trades to be executed immediately when entered into Crossing Session 1, regardless of whether the Exchange has determined that all other Crossing Session 1 orders in a particular security be canceled and precluded from entry. The proposal also will require a specialist to obtain Floor Official approval for the entry of his or her order into Crossing Session 1 if such order is not to be executed immediately and will not be precluded from entry because of a trading "halt." The Exchange has represented that this amendment is based on the premise that a specialist involved in a good faith renegotiation tied to establishing the closing price should not have his or her trades remain unexecuted if a subsequent event "halts" trading in the security.

The Commission finds that the Exchange's proposed amendments to NYSE Rules 903 and 906 should help to insure that orders which are intended to offset a specialist's participation at the close have been reflected when the closing price was established, resulting in a more orderly close. Such provisions are consistent with Section 6(b)(5),⁷ which requires the rules of an Exchange be designed to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Commission further finds that retaining the provision requiring other coupled orders to continue to be executed at 5:00 p.m., subject to the stock not being withdrawn from Crossing Session 1, as appropriate under Section 6(b)(5) of the Act,⁸ which requires an Exchange's rules be designed to protect investors and the public interest. An investor, after having

entered an order into Crossing Session 1, may be unaware of a corporate development which could have substantial impact on the price of a security. Retaining the provision which requires other coupled orders to be executed at the close of Crossing Session 1 will help to ensure that investors who are unaware of corporate news will be adequately protected, should the corporate news have an unfavorable impact on the price of the stock.⁹

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁰ that the proposed rule change (SR-NYSE-99-31) is approved.

For the Commission, by the Division of Market Regulations, pursuant to delegated authority.¹¹

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-12271 Filed 5-15-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42767; File No. SR-PCX-99-07]

Self-Regulatory Organizations; Order Approving Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval to Amendment No. 2 to the Proposed Rule Change by the Pacific Exchange, Inc. Relating to Its Competing Specialist Program

I. Introduction

On March 1, 1999, the Pacific Exchange, Inc. ("PCX" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC"), 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 implement a competing specialist program. The

⁹ The Commission, in granting approval, notes that Floor Officials should carefully review specialist requests to enter these types of trades into Crossing Session 1. In particular, Floor Officials should consider the frequency with which particular specialists request to use this rule, and whether there have been any instances or prior problems associated with a particular specialist's use of this rule. For example, Floor Officials should consider whether there have been occasions in which there were significant discrepancies between the execution price contemplated by a member firm and the price actually received as a result of the Crossing Session 1 transaction.

¹⁰ 15 U.S.C. 78s(b)(2).

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

⁵ 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).

⁶ 15 U.S.C. 78f(b)(5).

⁷ *Id.*

⁸ *Id.*