securities are primarily traded or at the last sales price on the national securities market.

3. At the next regular meeting following the Transfer, the Board, including a majority of the Disinterested Trustees will determine: (a) whether the S&P 500 Securities were valued in accordance with condition (2); and (b) whether the acquisition of the S&P 500 Securities was consistent with the policies of the Fund as reflected in the registration statement and reports filed under the Act.

4. The Fund will maintain and preserve for a period of not less than six years from the end of the fiscal year in which the Transfer occurs, the first two years in an easily accessible place, a written record of the Transfer setting forth a description of each security transferred, the terms of the transfer, and the information or materials upon which the determinations required by condition (3) were made.

For the Commission, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00–13529 Filed 5–30–00; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–42816, File No. S7–966]

Program for Allocation of Regulatory Responsibilities Pursuant to Rule 17d–2; Notice of Filing and Order Granting Approval of Amendment to the Plan for the Allocation of Regulatory Responsibilities Among the American Stock Exchange LLC, the Chicago Board Options Exchange, Inc., the Chicago Stock Exchange, Inc., the International Securities Exchange LLC, the National Association of Securities Dealers, Inc., the New York Stock Exchange, the Pacific Exchange, Inc., and the Philadelphia Stock Exchange, Inc.

May 23, 2000.

Notice is hereby given that the Securities and Exchange Commission (''SEC'' or ''Commission'') has issued on Order, pursuant to Sections 17(d) [1] and 11A(a)(3)(B) [2] of the Securities Exchange Act of 1934 (''Act''), granting approval of an amendment to the plan for allocating regulatory responsibility filed pursuant to Rule 17d–2 of the Act,[3] by the American Stock Exchange LLC (''Amex''), the Chicago Board Options Exchange, Inc. (''CBOE''), the Chicago Stock Exchange, Inc. (''CHX''), the International Securities Exchange LLC (''ISE''), the National Association of Securities Dealers, Inc. (''NASD''), the New York Stock Exchange (''NYSE''), the Pacific Exchange, Inc. (''PCX''), and the Philadelphia Stock Exchange, Inc. (''Phlx'') (collectively the ''SRO participants'').

I. Introduction

Section 19(g)(1) of the Act,[4] among other things, requires every national securities exchange and registered securities association (''SRO'') to examine for, and enforce, compliance by its members and persons associated with its members with the Act, the rules and regulations thereunder, and the SRO's own rules, unless the SRO is relieved of this responsibility pursuant to Section 17(d) or 19(g)(2) [5] of the Act. Without this relief, the statutory obligation of each individual SRO could result in a pattern of multiple examinations of broker-dealers that maintain memberships in more than one SRO (''common members''). This regulatory duplication would add unnecessary expenses for common members and their SROs.

Section 17(d)(1) of the Act was intended, in part, to eliminate unnecessary multiple examinations and regulatory duplication.[6] With respect to a common member, Section 17(d)(1) authorizes the Commission, by rule or order, to relieve an SRO of the responsibility to receive regulatory reports, to examine for and enforce compliance with applicable statutes, rules and regulations, or to perform other specified regulatory functions.

To implement Section 17(d)(1), the Commission adopted two rules: Rule 17d–1 and Rule 17d–2 under the Act.[7] Rule 17d–1, adopted on April 20, 1976,[8] authorizes the Commission to name a single SRO as the designated examine authority (''DEA'') to examine common members for compliance with the financial responsibility requirements imposed by the Act, or by Commission or SRO rules. When an SRO has been named as a common member's DEA, all other SROs to which the common member belongs are relieved of the responsibility to examine the firm for compliance with applicable financial responsibility rules.

On its face, Rule 17d–1 deals only with an SRO's obligations to enforce broker-dealer's compliance with the financial responsibility requirements. Rule 17d–1 does not relieve an SRO from its obligation to examine a common member for compliance with its own rules and provisions of the federal securities laws governing matters other than financial responsibility, including sales practices, and trading activities and practices.

To address regulatory duplication in these other areas, on October 28, 1976, the Commission adopted Rule 17d–2 under the Act.[9] This rule permits SROs to propose joint plans allocating regulatory responsibilities with respect to common members. Under paragraph (c) of Rule 17d–2, the Commission may declare such a plan effective if, after providing for notice and comment, it determines that the plan is necessary or appropriate in the public interest and for the protection of investors, to foster cooperation and coordination among the SROs, to remove impediments to and foster the development of a national market system and a national clearance and settlement system, and in conformity with the factors set forth in Section 17(d) of the Act. Commission approval of a plan filed pursuant to Rule 17d–2 relieves an SRO of those regulatory responsibilities allocated by the plan to another SRO.

II. The Plan

On September 8, 1983, the Commission approved the SRO participants' plan for allocating regulatory responsibilities pursuant to Rule 17d–2.[10] The plan reduces regulatory duplication for a large number of firms currently members of two or more of the SRO participants by allocating regulatory responsibility for certain option-related sales practice matters to one of the SRO participants.

Under the plan, the SRO participant responsible for conducting options-related sales practice examinations of a firm, and investigating options-related customer complaints and terminations for cause of associated persons of that firm, is known as the firm's ''Designated Options Examining Authority'' (''DOEA''). Under the plan, only the Amex, the CBOE, the NASD and the NYSE are DOEAs. Pursuant to the plan, any other SRO of which the firm is a

[1] 15 U.S.C. 78q(d).

[2] 15 U.S.C. 78k–1(a)(3)(B).

[3] 17 CFR 240.17d–2.

[4] 15 U.S.C. 78s(g)(1).

[5] 15 U.S.C. 78s(g)(2).

[6] Securities Acts Amendments of 1975, Report of the Senate Committee on Banking, Housing, and Urban Affairs to Accompany S. 249, S. Rep. No. 94–75, 94th Cong., 1st Session. 32 (1975).

[7] 17 CFR 240.17d–1 and 17 CFR 240.17d–2.

[8] Securities Exchange Act Release No. 12352 (April 20, 1976), 41 FR 18809 (May 3, 1976).

[9] Securities Exchange Act Release No. 12935 (October 28, 1976), 41 FR 49093 (November 8, 1976).

[10] Securities Exchange Act Release No. 20158 (September 8, 1983), 48 FR 41256 (September 14, 1983).

member is relieved of these responsibilities during the period the firm is assigned to a DOEA.

III. Proposed Amendment to the Plan

On May 8, 2000, the parties submitted a proposed amendment to the plan. The primary purpose of the amendment is to include the ISE as an SRO participant, and to update the corporate names of three of the current SRO participants. The text of the proposed amended 17d–2 plan is as follows (additions are italicized; deletions are bracketed):

Agreement among the American Stock Exchange [Inc.] *LLC,* the Chicago Board Options Exchange, Inc., the [Midwest] *Chicago* Stock Exchange, Inc., *the International Securities Exchange LLC,* the National Association of Association of Securities Dealers, Inc., the New York Stock Exchange, the Pacific [Stock] Exchange *Inc.* [Incorporated], and the Philadelphia Stock Exchange, Inc., Pursuant to Rule 17d–2 under the Securities Exchange Act of 1934.

The Agreement, among the American Stock Exchange [Inc.] *LLC,* the Chicago Board Options Exchange, Inc., the [Midwest] *Chicago* Stock Exchange, Inc., *the International Securities Exchange LLC,* the National Association of Securities Dealers, Inc., the New York Stock Exchange, the Pacific [Stock] Exchange *Inc.* [Incorporated], and the Philadelphia Stock Exchange, Inc., hereinafter collectively referred to as the Self-Regulatory Organizations (''SROs''), is made this *8th* day of *May, 2000* pursuant to the provisions of SEC Rule 17d–2 under the Securities Exchange Act of 1934, which calls for agreements among self-regulatory organizations for plans to allocate regulatory responsibility.

WHEREAS, the SROs, are desirous of allocation regulatory responsibilities with respect to their common members (member of two or more of the SROs) for compliance with rules relating to the conduct by broker-dealers of accounts for options trading; and

WHEREAS, the SROs are desirous of executing a plan for this purpose pursuant to the provisions of Rule 17d–2 and filing such plan with the Securities and Exchange Commission (''Commission'') for its approval,

NOW, THEREFORE, in consideration of the mutual covenants contained hereafter, the SROs agree as follows:

I. The SRO identified in Exhibit A hereto as Designated Options Examining Authority (''DOEA'') for a common member will assume, except as noted below, inspection, examination and enforcement responsibility for such common member with respect to compliance by such member and persons associated with such member with (i) the rules of the SROs related to the conduct of accounts for option trading, and (ii) the provisions of the Securities Exchange Act of 1934 and the rules and regulations thereunder insofar as they apply to the conduct of accounts for options trading. Such responsibility in hereinafter referred to as the DOEA's ''Regulatory Responsibility.'' It is explicitly understood that the DOEA's Regulatory Responsibility does not include, and each of the SROs shall (unless allocated pursuant to SEC Rule 17d–2 otherwise than under this Agreement) retain full responsibility for:

(i) Surveillance and enforcement with respect to trading activities or practices involving its own marketplace, including without limitation its rules relating to the rights and obligations of specialists and other market makers;

(ii) Registration pursuant to its applicable rules of broker-dealers' associated persons as registered options principals, senior registered options principals, and compliance registered options principles; and

(iii) The discharge of its duties and obligations as a Designated Examining Authority pursuant to SEC Rule 17d–1.

Furthermore, the DOEA's Regulatory Responsibility does not include evaluation of option-related advertising, responsibility for which shall remain with the SRO to which a common member submits same for approval. Except as otherwise expressly provided herein, only the DOEA will discharge Regulatory Responsibility under this Agreement.

II. For purposes of this Agreement, the term ''Enforcement Responsibility, '' as used in the first sentence of Section I, shall mean the conduct of disciplinary proceedings to determine whether violations of pertinent laws, rules or regulations by common members and persons associated therewith have occurred. Such proceedings shall be conducted by the DOEA, except as noted below, pursuant to its applicable procedures. In instances where the DOEA does not have jurisdiction over an alleged violation of rules, it shall refer the matter to the SRO which has such jurisdiction. The SRO to which such referral is made shall conduct the appropriate proceedings pursuant to its applicable procedures. Apparent violations of another SRO's rules discovered by the DOEA pursuant to the performance of its Regulatory Responsibility, but which rules are not within the scope of the DOEA's Enforcement Responsibility, shall be referred to the relevant SRO for enforcement proceedings as such other SRO deems appropriate. However, nothing contained herein shall preclude the DOEA in its discretion from requesting another SRO to conduct an enforcement proceeding on a matter for which it has Enforcement Responsibility. If such other SRO agrees to do so, the Enforcement Responsibility in such case shall be deemed transferred to such other SRO. The SROs each agree, upon request, to make available promptly all relevant files, records and/or witnesses necessary to assist another SRO in an investigation or enforcement proceeding.

III. Notwithstanding the Regulatory Responsibility of the DOEA, the SROs recognize that each of them may continue to maintain an available and appropriate mechanism for considering and acting upon request for extensions of time for option transactions pursuant to Regulation T of the Federal Reserve Board. Such extension requests may thus continue to be considered and acted upon by each SRO. However, nothing herein shall restrict the right of any SRO to enter in an agreement with another SRO relative to the granting of Regulation T Extensions. The DOEA will supply all information with respect to relevant Regulation T enforcement actions to other SROs of which such common member is a member.

IV. This Agreement shall be administered by a committee known as the Options Self-Regulatory Council (''Council'') which shall be composed of one representative designated by each of the SROs. Each SRO shall also designate one or more persons as its alternate representative(s). In the absence of the representative of an SRO, such alternate representative shall have the same powers, duties and responsibilities as the representative. Each SRO shall file with the Chairman of the Council a list identifying its representative and alternative representative. Each SRO may, at any time, by notice to the Chairman of the Council, replace its representative and/or its alternate representative on such Council. A majority of the full Council shall constitute a quorum and, unless specifically otherwise required, the affirmative vote of a majority of the Council members present (in person, by telephone or by written consent) shall be necessary to constitute action by the Council. On the first Monday of October in each year, the Council shall elect one member of the Council to serve as Chairman and another to serve as Vice Chairman (to substitute for the Chairman in the event of his unavailability). In each case, such official shall take office effective January 1 of the next following calendar year and hold such office through December

31 of the calendar year in which he took office. [Notwithstanding the preceding relative to the election and tenure of the Chairman and Vice Chairman, an initial Chairman and Vice Chairman, named in Exhibit B hereto, shall assume such offices on the date of this Agreement is executed by the SROs and shall hold such position through December 31 of the calendar year in which they first assumed office.] All notices and other communications for the Council shall be sent to it in care of the Chairman.

V. Once appointed the DOEA of a common member, an SRO shall remain; the DOEA unless either (i) such SRO requests to be relieved of such responsibility by giving 30 calendar days written notice thereof and the Council accepts such request by appointing another SRO as the DOEA (which it shall, barring extraordinary circumstances, so do), (ii) the common member ceases to be a member of the DOEA in which case the Council shall promptly review the matter and assign another SRO as DOEA for such firm, or (iii) the Council, by reallocation, relieves the DOEA of its responsibilities. In no case may an SRO of which a common member is not a member be appointed such common member's DOEA. For no longer than the first two years of the life of this Agreement (subject to provisions (i) through (iii) above), the designations made in Exhibit A hereto shall remain in effect. Thereafter, the Council shall make general reallocations of common members no less frequently than biennially. The Council shall make such general reallocations in accordance with the provisions of this Agreement, shall be free in its discretion to retain the DOEA of any common member, and shall make such reallocations on the basis of parity, unless an SRO explicitly waives such basis. Parity, as used in this sense, means that, to the extent feasible, each SRO shall after a reallocation process, be the DOEA for the same number of firms as it was prior to such reallocation. Upon making a reallocation, the Council shall not reappoint an SRO as DOEA of a common member if any other eligible participant which has not served as DOEA for such common member requests appointment as such. Further, it is intended that appointment of DOEAs to common members will be rotated among those SROs which seek appointment as such, insofar as practicable. All determinations by the Council under this Section V with respect to allocating common members to a DOEA shall be by the affirmative vote of a majority of those Council members which are, at the time of such determination, DOEA of any common members; and Council members which are not DOEA of any common members shall not be entitled to vote on any such determination; provided, further, that no Council member shall be entitled to vote on any determination by the Council under this Section V affecting a specific common member if such common member is not a member of such Council member's SRO. For purposes of this Section V, the [Midwest] *Chicago* Stock Exchange, Inc., *the International Securities Exchange LLC,* the Pacific [Stock] Exchange, [Incorporated] *Inc.* and the Philadelphia Stock Exchange, Inc. shall not be considered DOEAs. An SRO which is not considered a DOEA for allocation purposes under Section V may apply to the Council to be considered a DOEA at any meeting of the Council. All determinations by the Council with respect to such applications shall be by the affirmative vote of a majority of those Council members, including non-DOEAs, in attendance at such meeting. However, no such determinations by the Council shall affect existing 17d–2 agreements which participating SROs may have among themselves.

VI. The DOEA shall conduct a routine inspection and examination of each common member allocated to it on a cycle not less frequently than determined by the Council. The other SROs agree that relevant information in their respective files relative to a common member will be made available to the DOEA upon request. At each quarterly meeting of the Council, each DOEA will report on the status of its examination program. In the event a DOEA believes it will not be able to complete the annual examination cycle for its allocated firms, it will so advise the Council. The Council will undertake to remedy this situation by allocating selected firms and, if necessary, lengthening the cycles for selected firms.

VII. The Council shall, concurrent with the execution of this Agreement, adopt for use by the SROs minimum option examination and inspection standards. Such standards will be used by the DOEA in discharging its Regulatory Responsibility under this Agreement. Exhibit C hereto is the minimum option examination and inspection standards adopted by the SROs.

VIII. The DOEA will, upon request, promptly furnish a copy of the report of any examination made pursuant to the provisions of this Agreement to each other SRO of which the common member examined is a member.

IX. The DOEA will, routinely, forward to each other SRO of which a common member is a member, copies of all communications regarding deficiencies noted in a report of examination conducted by the DOEA. If an examination conducted by a DOEA reveals no deficiencies, such fact will also, upon request, be communicated by the DOEA to each other SRO of which the common member concerned is a member.

X. The DOEA's Regulatory Responsibility shall include investigations into terminations for cause of persons associated with a common member relating to options, unless such termination for cause is uniquely related to another SRO's market. In the latter instance, that SRO to whose market the termination for cause relates shall discharge Regulatory Responsibility with respect to such termination for cause. In connection with a DOEA's examination, investigation and/or enforcement proceeding regarding an option-related termination for cause, the other SROs of which the common member is a member shall furnish to the DOEA, upon request, copies of all pertinent materials related thereto in their possession.

XI. It shall be the responsibility of the DOEA to discharge the Regulatory Responsibility relative to a written option-related customer complaint relevant to a common member allocated to it, unless such complaint is uniquely related to another SRO's market. In the latter instance, the DOEA shall forward the complaint to that SRO to whose market the complaint relates, and the latter shall discharge Regulatory Responsibility with respect to such complaint. If an SRO which is not the DOEA shall receive a customer complaint within the DOEA's Regulatory Responsibility, such non-DOEA shall promptly forward a copy of such complaint to the DOEA.

XII. Any written notice required or permitted to be given under this Agreement shall be deemed given if sent by certified mail, return receipt requested, to each participating SRO entitled to receipt thereof, to the attention of the SRO representative on the Council at the SRO's then principal office.

XIII. The costs incurred by each DOEA in discharging its Regulatory Responsibility under this Agreement are not reimbursable. However, any SRO participants may agree that one or more will reimburse the other(s) for costs.

XIV. The SROs shall notify the common members of this Agreement by means of a uniform joint notice approved by the Council.

XV. This Agreement may be amended in writing duly approved by each SRO.

XVI. Any of the SROs may manifest its intention to cancel its participation in this Agreement at any time upon the giving to the Council of written notice thereof at least 90 calendar days prior to such cancellation. Upon receipt of such notice the Council shall allocate, in accordance with the provisions of this Agreement, those common members for which the petitioning party was the DOEA. Until such time as the Council has completed the reallocation described above, the petitioning SRO shall retain all its rights, privileges, duties and obligations hereunder.

XVII. The cancellation of its participation in this Agreement by any SRO shall not terminate this Agreement as to the SROs which remain participants. This Agreement will only terminate when the then participants therein shall notify the Commission, in writing, that they will terminate the Agreement. Such notice shall be given at least six months prior to the intended date of termination.

Limitation of Liability

No SRO nor the Council nor any of their respective directors, governors, officers, employees or representatives shall be liable to any other participant in this Agreement for any liability, loss or damage resulting from or claimed to have resulted from any delays, inaccuracies, efforts or omissions with respect to the provision of Regulatory Responsibility as provided hereby or for the failure to provide any such Responsibility, except with respect to such liability, loss or damages as shall have been suffered by one or more of the SROs and caused by the willful misconduct of the other participants or their respective directors, governors, officers, employees or representatives. No warranties, express or implied, are made by any or all of the SROs or the Council with respect to any Regulatory Responsibility to be performed by each of them hereunder.

Relief from Responsibility

Pursuant to Section 17(d)(1)(A) of the Securities Exchange Act of 1934 and Rule 17d–2 promulgated pursuant thereto, the SROs join in requesting the Securities and Exchange Commission, upon its approval of this Agreement or any part thereof, to relieve those SROs which are from time to time participants in this Agreement which are not the DOEA as to a common member of any and all Regulatory Responsibility with respect to the matters allocated to the DOEA.

In Witness Whereof, the SROs hereto have executed this Agreement as of the date and year first above written.

Exhibit A—Designated Option Examining Authorities

American Stock Exchange, LLC

Chicago Board Options Exchange, Inc.

National Association of Securities Dealers, Inc.

New York Stock Exchange, Inc.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the amended plan. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549–0609. Copies of the submission, all subsequent amendments, all written statements with respect to the amended plan that are filed with the Commission, and all written communications relating to the amended plan 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 at the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of each of the SRO participants. All submissions should refer to File No. S7–966 and should be submitted by June 21, 2000.

V. Discussion

The Commission continues to believe that the proposed plan is an achievement in cooperation among the SRO participants, and will reduce unnecessary regulatory duplication by allocating to the designated SRO the responsibility for certain options-related sales practice matters that would otherwise be performed by multiple SROs. The plan promotes efficiency by reducing costs to firms that are members of more than one of the SRO participants. In addition, because the SRO participants coordinate their regulatory functions in accordance with the plan, the plan promotes, and will continue to promote, investor protection.

Under paragraph (c) of Rule 17d–2, the Commission may, after appropriate notice and comment, declare a plan, or any part of a plan, effective.[11] In this instance, the Commission believes that appropriate notice and comment can take place after the proposed amendment is effective. The primary purpose of the amendment is to add the ISE as an SRO participant. By approving it today, the amendment can be implemented prior to the ISE beginning its operations. In addition, the original plan was published for comment, and no comments were received.[12] The Commission does not believe that the amendment raises any new regulatory issues.

This order gives effect to the amended plan submitted to the Commission that is contained in File No. S7–966. The SRO participants shall notify all members affected by the amended plan of their rights and obligations under the amended plan.

It is therefore ordered, pursuant to Sections 17(d) and 11A(a)(3)(B) of the Act, that the amended plan of the Amex, the CBOE, the CHX, the ISE, the NASD, the NYSE, the PCX, and the Phlx filed pursuant to Rule 17d–2 is approved.

It is further ordered that those SRO participants that are not the DOEA as to a particular member are relieved of those responsibilities allocated to the member's DOEA under the amended plan.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[13]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00–13530 Filed 5–30–00; 8:45 am]

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[11] 17 CFR 240.17d–2(c).

[12] *See supra,* note 10.

[13] 17 CFR 200.30–3(a)(34)

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–42815, File No. 4–431]

Program for Allocation of Regulatory Responsibilities Pursuant to Rule 17d–2; Order Granting Approval of Plan Allocating Regulatory Responsibility; International Securities Exchange LLC and National Association of Securities Dealers, Inc.

May 23, 2000.

Notice is hereby given that the Securities and Exchange Commission (''SEC or Commission'') has issued an Order, pursuant to Sections 17(d)[1] and 11A(a)(3)(B)[2] of the Securities Exchange Act of 1934 (''Act''), granting approval of the plan, as amended, for allocating regulatory responsibility filed pursuant

[1] 15 U.S.C. 78q(d).

[2] 15 U.S.C. 78k–1(a)(3)(B).