

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

The foregoing rule change constitutes a stated policy, practice or interpretation of Exchange Rule 5.3(b) and therefore, has become immediately effective pursuant to Section 19(b)(3)(A) of the Act¹⁴ and subparagraph (f)(1) of Rule 19b-4 thereunder.¹⁵ The Commission further notes that Commentary .01 of the Exchange's rules states that the Exchange may change the trading differentials for securities traded on the Exchange by filing a proposed rule change with the Commission pursuant to Section 19(b)(3)(A) of the Act.¹⁶ This proposed rule change would change the trading differentials for the PCX Application, which constitutes trading on the Exchange. The language changes to Rule 5.3(b) and Rule 15 merely effectuate this change in trading differentials for Profile in the PCX Application.

At any time within 60 days of the filing of a rule change pursuant to Section 19(b)(3)(A) of the Act, the Commission may summarily abrogate the 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 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-PCX-00-10 and should be submitted by June 22, 2000.¹⁷

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

Margaret H. McFarland,

Deputy Secretary

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42814; File No. SR-Phlx-00-11]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. To Reduce the Value of Its Computer Box Maker Index Option ("BMX")

May 23, 2000.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ Rule 19b-4 thereunder,² notice is hereby given that on March 31, 2000, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") 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 Exchange. The proposed rule change has been filed by the Phlx as a "non-controversial" rule change under Rule 19b-4(f)(6) under the Act.³ 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 reduce the value of its Computer Box Maker Index ("Index") option ("BMX") to one-half its present value by doubling the base market divisor used to calculate the index. Additionally, the Exchange proposes to double the position and exercise limits applicable to BMX until the last expiration then trading. The

index is a price weighted, narrow-based, A.M. settled index comprised of nine stocks issued by companies that manufacture, market, and support desktop and notebook personal computers and fault tolerant systems.⁴

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 Phlx 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 Phlx 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 purpose of this proposed rule change is to attract additional liquidity to BMX. The Exchange began trading BMX in 1998.⁵ On March 31, 2000, the index value was 451.24 and the near-month in-the-money call premium was \$35.125 per contract. The Exchange proposes to conduct a "two-for-one split" of the index, to reduce the value of index to one-half its current value. The split would double the number of BMX contracts so that for each BMX contract held at the time of the split, a contract holder would receive two contracts at the reduced value, with a strike price one-half of the original strike price.⁶ Additionally, the Exchange proposes to double the position and exercise limits applicable to BMX, from 25,000 contracts to 50,000 contracts, until the last expiration then trading. The Exchange represents that the proposed changes would result in an index value of 225.50 and a near-month in-the-money call premium of \$17.56.⁷

⁴ The index is comprised of the following stocks (primary markets in parentheses): Apple Computer, Inc. (Nasdaq); Compaq Corp. (NYSE); Dell Computer Corp. (Nasdaq); Gateway 2000, Inc. (NYSE); Hewlett Packard Co. (NYSE); International Business Machines (NYSE); Micron Technology, Inc. (NYSE); Sun Microsystems, Inc. (Nasdaq); and Unisys Corp. (NYSE).

⁵ See Securities Exchange Act Release No. 39895 (April 21, 1998), 63 FR 23327 (April 28, 1998).

⁶ For instance, the holder of a BMX 800 call will receive two BMX 400 calls.

⁷ The Exchange represents that this procedure is similar to the type used for equity options, where the underlying security is subject to a two-for-one stock split.

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f)(1).

¹⁶ See Securities Exchange Act Release No. 38780 (June 26, 1997), 62 FR 36087 (July 3, 1997)(SR-PCX-97-15).

¹⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6).

In conjunction with the split, the Exchange will list strike prices surrounding the new, lower index value, pursuant to Phlx Rule 1101A. The trading symbol will remain as BMX. The Exchange will announce the effective date, the strike price, and the position limit changes by way of an Exchange memorandum to the membership.

The Exchange is proposing this rule change to attract additional liquidity to BMX. The Phlx believes a two-for-one split will reduce the value of the index and will have a positive effect on overall transaction volumes by making the option premiums more attractive for retail investors. Additionally, the Exchange believes that a reduced index value will encourage additional investor interest because investors will be able to utilize this trading vehicle with a smaller amount of capital. The Exchange believes that attracting additional investors will create a more active and liquid trading environment.

2. Statutory Basis

For these reasons, the Exchange believes that the proposed rule change is consistent with Section 6 of the Act,⁸ in general, and in particular, with Section 6(b)(5),⁹ in that it is designed to promote just and equitable principles of trade, as well as to protect investors and the public interest, by establishing a lower index value, which should, in turn, facilitate trading in BMX options. The Exchange believes that reducing the value of the index should not raise manipulation concerns or adversely impact the market, because the Exchange will continue to employ its surveillance procedures and has proposed an orderly procedure to achieve the index split, including adequate notice of the split to market participants.

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

The Exchange 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 Act.

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

The Exchange neither solicited nor received written comments with respect to the proposed rule change.

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

This proposed rule change has been filed by the Exchange as a "non-controversial" rule change pursuant to Section 19(b)(3)(A) of the Act¹⁰ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹¹ Because the foregoing proposed rule change: (1) Does not significantly affect the protection of investors or the public interest, (2) does not impose any significant burden on competition, and (3) by its terms does not become operative for 30 days after the date of filing, or such shorter time as the Commission may designate,¹² it has become effective pursuant to Section 19(b)(3)(A) of the Act¹³ and Rule 19b-4(f)(6) thereunder.¹⁴

The Exchange has requested that the Commission accelerate the operative date of the rule change to permit the Exchange to implement it immediately. The Commission has determined, consistent with the protection of investors and the public interest, to make the proposed rule change operative upon filing, pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii).¹⁵ Under Rule 19b-4(f)(6)(iii), a proposed "non-controversial" rule change does not become operative for 30 days after the date of filing, unless the Commission designates a shorter time.¹⁶ The Commission believes that it is consistent with the protection of investors and the public interest to make the proposed rule change operative upon filing because reducing the value of the Index should enable more investors to participate in the market, thereby promoting liquidity in the market place.¹⁷ At any time within 60 days of the filing of the 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.

¹⁰ 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(6).

¹² The Exchange provided the Commission with the five business day notice required by Rule 19b-4(f)(6) of the Act on March 3, 2000.

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(6).

¹⁵ 17 CFR 240.19b-4(f)(6)(iii)

¹⁶ *Id.*

¹⁷ For purposes only of accelerating the operative date of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

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, NW., 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 Room. Copies of such filing also will be available for inspection and copying at the principal office of the Phlx. All submissions should refer to File No. SR-Phlx-00-11 and should be submitted by June 22, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁸

Margaret H. McFarland,
Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

[License No. 01/01-0285]

Capital Resource Company of Connecticut; Notice of Surrender of License

Notice is hereby given that Capital Resource Company of Connecticut ("CRC"), Two Bridgewater Road, Farmington, Connecticut 06032-2256, has surrendered its license to operate as a small business investment company under the Small Business Investment Act of 1958, as amended (the "Act"). CRC was licensed by the U.S. Small Business Administration on March 23, 1977.

Under the authority vested by the Act and pursuant to the regulations promulgated thereunder, the surrender of the license was accepted on April 5, 2000, and accordingly, all rights, privileges, and franchises derived therefrom have been terminated.

¹⁸ 17 CFR 200.30-3(a)(12).

⁸ 15 U.S.C. 78f.

⁹ 15 U.S.C. 78f(b)(5).