

existing CSE surveillance procedures governing equities. The Commission believes that these surveillance procedures will provide adequate safeguards to prevent manipulative acts and practices and to protect investors and the public interest.

C. Disclosure and Dissemination of Information

The Commission believes that the CSE's proposal will ensure that investors have sufficient information to be adequately apprised of the terms, characteristics, and risks of trading trust issued receipts. The CSE will require its members to provide all purchasers of newly issued trust issued receipts with a prospectus for that series of trust issued receipt. The Commission also notes that, upon the initial listing of any trust issued receipts, the CSE will issue a circular to its members highlighting the characteristics of trust issued receipts, including that trust issued receipts are not individually redeemable.

D. Accelerated Approval

The CSE has requested that the Commission grant the proposed rule change accelerated effectiveness. As noted above, the Commission has approved the listing and trading of Biotech and Internet HOLDERS on other exchanges, under rules that are substantially similar to the CSE's rules. The Commission published those rules in the **Federal Register** for the full notice and comment period. No comments were received on the proposed rules, and the Commission found them consistent with the Act.¹⁹ The Commission believes that the trading of Biotech and Internet HOLDERS on the CSE raises no new regulatory issues, and that the Biotech and Internet HOLDERS to be traded on the CSE are structurally the same as the HOLDERS previously approved by the Commission for listing and trading on the other exchanges. Accordingly, the Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of the filing thereof in the **Federal Register**.²⁰

It Is Therefore Ordered, pursuant to section 19(b)(2) of the Act,²¹ that the

proposed rule change (SR-CSE-00-03), is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²²

Jonathan G. Katz,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43047; File No. SR-Phlx 00-46]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 by the Philadelphia Stock Exchange, Inc., to Allow an Exemption From the Series 7 Exam for Certain Off-Floor Traders

July 18, 2000.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 27, 2000, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange"), filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. On July 10, 2000, the Phlx amended the proposal.³ The Exchange filed the proposal pursuant to section 19(b)(3)(A) of the Act,⁴ and Rule 19b-4(f)(6) thereunder,⁵ which renders the proposal effective upon filing with the Commission.⁶ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The Phlx, pursuant to Rule 19b-4 of the Act, proposes to amend to the text of Phlx Rule 604 by adding paragraph (e)(iii) to reflect an exemption to the Rule's requirement that current off-floor

traders as well as future off-floor traders successfully complete the Uniform Registered Representative Examination Series 7 ("Series 7 Exam"). Currently, paragraph (e)(ii) of Phlx Rule 604 states that the requirement to successfully complete the Series 7 Exam applies to current off-floor traders as well as future off-floor traders who affiliate with members at a later date. The Exchange is proposing to exempt off-floor traders who are currently members in good standing of a national securities exchange or who have ever been a member in good standing of a national securities exchange for not less than 12 consecutive years. The text of the proposed rule is below. Proposed new language is in *italics*.

* * * * *

Rule 604. Registration and Termination of Registered Persons

(a)-(d) No change.

(e)

(i) No change.

(ii) No change.

(iii) Any off-floor trader who is currently a member in good standing of a national securities exchange or has ever been a member in good standing of a national securities exchange for not less than 12 consecutive years, shall be exempt from the examination requirements set forth in section (i) and (ii) hereof.

* * * * *

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 Exchange included statements concerning the purpose of and basis of its proposal and discussed any comments it received regarding the proposal. The text of these statements may be examined at the places specified in Item IV below. The Exchange 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 Exchange proposes to create an exemption to the Series 7 Exam requirement to those off-floor traders who are currently members in good standing of a national securities exchange or who have ever been a member in good standing of a national securities exchange for not less than 12 consecutive years. The Phlx believes

¹⁹ See *supra* note 15.

²⁰ However, the Commission notes that, notwithstanding approval of the listing standards for Biotech and Internet HOLDERS, other similarly structured products, including trust issued receipts based on other industries, will require review by the Commission prior to being traded on the Exchange. In addition, the CSE may be required to submit a rule filing prior to trading a new issue or series on the Exchange.

²¹ 15 U.S.C. 78s(b)(2).

²² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The amendment ("Amendment No. 1") made minor, technical changes to the original proposal. The filing date of the proposal, for purposes of calculating the 60-day abrogation period, is July 10, 2000, the date the Phlx filed Amendment No. 1.

⁴ 15 U.S.C. 78s(b)(3)(A).

⁵ 17 CFR 240.19b-4(f)(6).

⁶ The Phlx provided written notice to the Commission on June 5, 2000, that it intended to file this proposal. See Rule 19b-4(f)(6)(iii). 17 CFR 240.19b-4(f)(6)(iii). See also footnote 3, *supra*.

such membership or experience is an appropriate substitute for the Series 7 Exam requirement.

Phlx Rule 604 was amended on August 20, 1999, to require successful completion of the Series 7 Exam by persons associated with members or participant organizations for which the Exchange is the Designated Examining Authority and who trade off the floor of the Exchange.⁷ The purpose of that amendment was to insure that all off-floor traders, by successfully completing the Series 7 Exam, demonstrated that they had satisfied prescribed standards of training, experience and competence as a condition of becoming off-floor traders.

The Phlx has proposed an exemption to the Series 7 Exam requirement in response to a significant number of requests for exemptions received by the Exchange's Examinations Department. The majority of such requests for exemption were from Exchange members who cited their experience as a member of a national securities exchange as a valid reason for exemption.

Pursuant to the Act, self-regulatory organizations ("SROs") are charged with assuring that associated persons of their members satisfy prescribed standards of training, experience and competence as a condition to membership. The Exchange believes that the criteria as stated in the proposed amendment should do so. The individuals qualifying for the proposed exemption have either successfully completed the Series 7 Exam in becoming a member in good standing of a national securities exchange, or, through their years of experience as on-floor or off-floor traders, have developed an expertise, proficiency and knowledge in the areas that are tested in the Series 7 Exam.⁸

The criteria for the exemption were established by the Exchange's Admissions Committee ("Committee"). The Committee will review those applications of individuals applying for the exemption. If, during that review, it is evident that an applicant has been a member in good standing of a national securities exchange for not less than 12 consecutive years, or is currently a member in good standing of a national securities exchange, then that individual shall be exempt from the

examination requirements as set forth in Phlx Rule 604. This proposal does not affect the applicability of the Series 7 Exam requirement to any other persons that Phlx Rule 604 dictates must meet the requirement.

2. Statutory Basis

The Phlx believes that the proposal is consistent with section 6 of the Act,⁹ in general, and furthers the objectives of sections 6(c)(3)(A) and (B) of the Act¹⁰ in particular, in that it is designed to insure that the appropriate standards of training, experience and competence for brokers and dealers and persons associated with Exchange members are met to protect investors and the public. The Exchange believes that the proposed rule change also is consistent with section 6(b)(5) of the Act,¹¹ in that it is designed to perfect the mechanisms of a free and open market system, and to protect investors and the public interest by requiring that those off-floor traders seeking an exemption are properly qualified, as evidenced by prior or current membership.

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

The Phlx does not believe that the proposed rule change will result in any inappropriate burden on competition.

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

No written comments were either solicited or received.

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

Because the foregoing proposed rule change does not:

- (i) Significantly affect the protection of investors or the public interest;
- (ii) Impose any significant burden on competition; and

(iii) Become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to section 19(b)(3)(a) of the Act¹² and Rule 19b-4(f)(6)¹³ thereunder. 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.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposal 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 will also be available for inspection and copying at the principal office of the Phlx. All submissions should refer to file number SR-Phlx-00-46 and should be submitted August 14, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Jonathan G. Katz,
Secretary.

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

Proposed Advisory Circular (AC) 23-XX-28, Airframe Guide for Certification of Part 23 Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice of availability of proposed Advisory Circular (AC) AC 23-XX-28 and request for comments.

SUMMARY: This notice announces the availability of and requests comments to proposed Advisory Circular (AC) 23-XX-28, Airframe Guide for Certification of Part 23 Airplanes. This AC provides information and guidance concerning an acceptable means, but not the only means, of complying with Title 14 of the Code of Federal Regulations (14 CFR) Part 23 Subpart C and portions of Subpart D. It consolidates the substance of existing Civil Aeronautics

⁷ See Securities Exchange Act Release No. 41776 (August 20, 1999), 64 FR 47214 (August 30, 1999) (SR-Phlx-99-07).

⁸ Areas tested in the Series 7 Exam include compliance with federal and state laws and industry regulations, characteristics of different investment products, investment risks, and principal factors affecting securities markets and prices for individual securities.

⁹ 15 U.S.C. 78f.

¹⁰ 15 U.S.C. 78f(c)(3)(A) and (B).

¹¹ 15 U.S.C. 78f(b)(5).

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(6).

¹⁴ 17 CFR 200.30-3(a)(12).