

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43240; File No. 4-208]

Intermarket Trading System; Notice of Filing of Fifteenth Amendment to the ITS Plan Relating to Remote Specialists, the National Market System Test System, Trade Adjustment Procedures, and Technical Revisions

September 1, 2000.

Pursuant to Rule 11Aa3-2 under the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on June 6, 2000, the Intermarket Trading System ("ITS") submitted to the Securities and Exchange Commission ("Commission") an amendment ("Fifteenth Amendment") to the restated ITS Plan.² The ITS participants filed the amendment to: (1) Recognize the BSE's and PCX's implementation of Remote Specialists; (2) recognize the implementation of the National Market Test System; (3) codify procedures for trade adjustment; and, (4) make technical revisions. The Commission is publishing this notice to solicit comments on the amendment from interested persons.

I. Description of the Amendment

The purpose of the proposed amendment is to: (1) Recognize the BSE's and PCX's implementation of Remote Specialists; (2) recognize the implementation of the National Market Test System; (3) codify procedures for trade adjustment; and (4) make technical revisions.

The BSE and PCX have filed rule proposals with the Commission to permit specialists to carry out their specialist operations off the floors of the BSE and PCX.³ Text in sections 6(a)(ii)

(B) and (E), 7(c) and 8(a) of the ITS Plan is revised to reflect the changed manner in which BSE and PCX will interact with ITS.

The National Market Test System ("NMTS") is a stand-alone system that supports testing of the Consolidated Tape System, Consolidated Quotation System, ITS, and Participant interfaces with these systems. The NMTS can be used during normal business hours and ITS will be responsible for one-third of the costs of the NMTS. The ITS Plan provisions for the NMTS equally divide the ITS costs among all ITS Participants.

New Section 6(b)(iv) codifies the trade adjustment process whereby, and circumstances under which, supervisors monitoring Participant's Markets may request the ITS Control Center to enter agreed-upon adjustments to System trades (price, size, buy or sell side, cancel or insert trade "as of" a prior day).

Under the technical revisions, provisions dealing with the ITS/CAES Linkage as adopted by the Commission are revised to eliminate the definition of the term "ITS/CAES security (stock)" and to make other conforming changes.⁴ The revision also reinserts text inadvertently omitted by the Commission. According to the Participants, the revisions are otherwise neutral as to their effect on the Commission's adopted amendment. The revisions also redesignate current sections 12, 13, and 14 as sections 13, 14 and 15, and current section 15 as section 12 (with other conforming changes), and reflect the change in the Amex's corporate name.

II. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the proposed amendment, including whether the proposed Plan amendment 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, DC 20549-0609. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed Plan amendment change that are filed with the Commission, and all written communications relating to the proposed Plan amendment 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 at the Commission's Public Reference Room. Copies of such Plan amendment will also be available for inspection and copying at the principal office of the ITS. All submissions should refer to File No. 4-208 and should be submitted by September 29, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43236; File No. 4-208]

Intermarket Trading System; Notice of Filing and Temporary Summary Effectiveness of the Sixteenth Amendment to the ITS Plan Relating to Decimal Pricing in Listed Securities

August 31, 2000.

Pursuant to Rule 11Aa3-2 under the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on August 24, 2000, the Intermarket Trading System ("ITS") submitted to the Securities and Exchange Commission ("Commission") an amendment ("Sixteenth Amendment") to the restated ITS Plan.² The ITS Participants filed the amendment to: (1) Recognize the transition to decimal pricing; (2) reduce the Pre-Opening price change parameter for certain securities; and (3) expand the Pre-Opening price change parameters for certain stocks. The Commission is publishing this notice to solicit comments on the amendment

⁵ 17 CFR 200.30-3(a)(29).

¹ 17 CFR 240.11Aa3-2.

² The ITS is a National Market System ("NMS") plan approved by the Commission pursuant to Section 11A of the Act and Rule 11Aa3-1. See Securities Exchange Act Release No. 19456 (January 27, 1983), 48 FR 4938. The ITS is a communications and order routing network linking eight national securities exchanges and the electronic over-the-counter ("OTC") market operated by the National Association of Securities Dealers, Inc. ("NASD"). The ITS was designed to facilitate intermarket trading in exchange-listed equity securities based on current quotation information emanating from the linked markets.

Participants to the ITS Plan include the American Stock Exchange, Inc. ("Amex"), the Boston Stock Exchange, Inc. ("BSE"), the Chicago Board Options Exchange, Inc., the Chicago Stock Exchange, Inc., the Cincinnati Stock Exchange, Inc., the NASD, the New York Stock Exchange, Inc., the Pacific Exchange, Inc. ("PCX"), and the Philadelphia Stock Exchange, Inc. (collectively, "Participants")

¹ 17 CFR 240.11Aa3-2.

² The ITS is a National Market System ("NMS") plan approved by the Commission pursuant to Section 11A of the Act and Rule 11Aa3-2. See Securities Exchange Act Release No. 19456 (January 27, 1983), 48 FR 4938. The ITS is a communications and order routing network linking eight national securities exchanges and the electronic over-the-counter ("OTC") market operated by the National Association of Securities Dealers, Inc. ("NASD"). The ITS was designed to facilitate intermarket trading in exchange-listed equity securities based on current quotation information emanating from the linked markets.

Participants to the ITS Plan include the American Stock Exchange, Inc. ("Amex"), the Boston Stock Exchange, Inc. ("BSE"), the Chicago Board Options Exchange, Inc., the Chicago Stock Exchange, Inc., the Cincinnati Stock Exchange, Inc., the NASD, the New York Stock Exchange, Inc., the Pacific Exchange, Inc. ("PCX"), and the Philadelphia Stock Exchange, Inc. (collectively, "Participants").

³ The Commission approved the BSE's proposal on August 8, 2000. See Exchange Act Release No. 43127 (August 8, 2000), 65 FR 49617 (August 14,

2000). The PCX's proposal was published in the **Federal Register** in 1999, but has not been approved by the Commission. See Exchange Act Release No. 40051 (February 12, 1999), 64 FR 8426 (February 19, 1999).

⁴ See Exchange Act Release No. 42212 (December 9, 1999), 64 FR 70297 (December 16, 1999).

from interested persons. While comment is being solicited on the proposed amendment, the Commission has determined to make the proposed amendment summarily effective upon publication of notice on a temporary basis.³

I. Description of the Amendment

The purpose of the proposed amendment is to: (1) Recognize the transition to decimal pricing, which began on August 28, 2000; (2) reduce the Pre-Opening price change parameter for certain Securities from $\frac{1}{8}$ point \$(0.125) to \$.10; and (3) expand the Pre-Opening price change parameters for certain stocks, which are reported on Network B of the Consolidated Tape Association, similar to those stocks reported on network A.⁴

II. Discussion

The Commission has made a preliminary determination that the proposed amendment is consistent with the public interest, the protection of investors, the maintenance of fair and orderly markets, and the removal of impediments to, and perfection of the mechanisms of, a national market system. While comment is being solicited on the proposed amendment, the Commission therefore will make the amendment summarily effective on a temporary basis upon publication of notice of the amendment.⁵

The Commission believes that temporary effectiveness of the amendment is consistent with the public interest, the protection of investors, and the maintenance of fair orderly markets because the amendment is necessary to accommodate decimal pricing, the new method of pricing for equity securities and options. The changes to the ITS Plan are necessary to accommodate this transition to decimals by providing for intermarket trading in decimals. On June 8, 2000, the Commission ordered the self-regulatory organizations ("SROs") to submit a plan

that will begin phasing in decimal pricing in equity securities and options on or before September 5, 2000, and complete this phase in no later than April 9, 2001.⁶ Since this order, the SROs have submitted a phase-in plan and rule filings necessary to implement decimal pricing. The Sixteenth Amendment to the ITS Plan is another step in the process of the market-wide conversion to decimal pricing.

III. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the proposed amendment, including whether the proposed Plan amendment 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 Plan amendment change that are filed with the Commission, and all written communications relating to the proposed Plan amendment 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 Plan amendment will also be available for inspection and copying at the principal office of the ITS. All submissions should refer to File No. 4-208 and should be submitted by September 29, 2000.

IV. Conclusion

The Plan amendment is hereby made summarily effective on a temporary basis not to exceed January 8, 2001, pursuant to Exchange Act Rule 11Aa3-2(c)(4).⁷

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release no. 34-43229; File No. SR-Amex-00-51]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval to Proposed Rule Change by the American Stock Exchange LLC To Extend for an Additional 90 Days Its Pilot Program Relating to Facilitation Cross Transactions

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 August 29, 2000, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. For the reasons discussed below, the Commission is granting accelerated approval of the proposed rule change.

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

The Amex proposes to extend for an additional 90 days its pilot program relating to facilitation cross transactions, described in detail in Part II.A. below.

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 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 extend for an additional 90 days its pilot program relating to member firm facilitation cross transactions approved by the

³ Exchange Act Rule 11Aa3-2(c)(4) allows the Commission to summarily put into effect on a temporarily basis a Plan amendment "if the Commission finds that such action is necessary or appropriate in the public interest, for the protection of investors or the maintenance of fair and orderly markets, to remove impediments to, and perfect mechanisms of, a national market system or otherwise in furtherance of the purposes of the Act."

⁴ The Commission notes that the Fifteenth Amendment to the restated ITS Plan will be published for comment on September 1, 2000. The Sixteenth Amendment contains text that is proposed to be added to the ITS Plan through the Fifteenth Amendment. Among other things, this text recognizes the operation of Remote Specialists on the BSE and PCX. See Securities Exchange Act Release No. 43240 (September 1, 2000).

⁵ See Exchange Act Rules 11Aa3-2(c)(4).

⁶ See Securities Exchange Act Release No. 42914 (June 8, 2000), 65 FR 38010 (June 19, 2000).

⁷ 17 CFR 240.11Aa3-2(c)(4).

⁸ 17 CFR 200.30-3(a)(29).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.