

public interest.⁹ The Commission further believes that the proposed rule change is consistent with Section 6(c)(3)(B),¹⁰ which makes it the responsibility of an exchange to prescribe standards of training, experience, and competence for persons associated with SRO members.

The Commission also believes that the proposed rule change is consistent with the purposes underlying Section 15(b)(7) of the Act, which generally prohibits a registered person from effecting any transaction in, or inducing the purchase or sale of, any security unless such registered person meets the standard of training, competence and other qualifications as the Commission finds necessary or appropriate in the the public interest or for the protection of investors. The Commission finds that the CHX's proposed rule change is in appropriate means of maintaining and reinforcing the initial qualification standards required of a registered person; participating in the Regulatory Element throughout their securities industry careers should assist registered persons to keep current on developments in the industry.

The Commission finds good cause for approving the proposed rule change (SR-CHX-99-32) prior to the thirtieth day after the date of publication of notice thereof in the **Federal Register**. These amendments proposed by the CHX on continuing education requirements have been uniformly adopted by other SRO Council members.¹¹

It is therefore ordered, pursuant to Section 19(b)(2)¹² of the Act, that the proposed rule change (SR-CHX-99-32) is hereby approved on an accelerated basis. This rule change shall become effective on March 1, 2000.¹³

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

Margaret H. McFarland,
Deputy Secretary.

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⁹ In approving this rule, the Commission notes that it has also considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹⁰ 15 U.S.C. 78f(c)(3)(B).

¹¹ See *supra* note 3.

¹² 15 U.S.C. 78s(b)(2).

¹³ CHX intends for the amendments to its continuing education requirements reflected in this proposed rule change to be effective as of March 1, 2000. Telephone conversation between Michael Cardin, Manager, Market Regulation, CHX and Geoffrey Pemble, Attorney, Division of Market Regulation, SEC, January 24, 2000.

¹⁴ 17 CFR 200.30-3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42406; File No. SR-NYSE-00-02]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 by the New York Stock Exchange, Inc. To Amend the Schedule of Continued Annual Listing Fees for Non-U.S. Companies

February 8, 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 January 4, 2000, the New York Stock Exchange, Inc. ("NYSE" 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. Amendment No. 1 was filed on January 27, 2000.³ 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 Exchange proposes to amend Paragraph 902.04 of the Exchange's Listed Company Manual (the "Manual"). Paragraph 902.04 of the Manual contains the schedule of current listing fees for non-U.S. companies listing securities on the Exchange. The text of the proposed rule change is as follows. Proposed additions are in *italics* and proposed deletions are in *brackets*.

902.04 [OVERSEAS] NON-U.S. COMPANIES

* * * * *

SCHEDULE OF CONTINUING ANNUAL FEES

[(Effective January 1, 1994)]

	Per million
Per share or ADR rates (or similar security):	
1st and 2nd million	\$1,650
In excess of 2 million	830

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ In Amendment No. 1, the Exchange changed the text of the title for NYSE Rule 902.04 from "Overseas Companies" to "Non-U.S. Companies." See letter from James E. Buck, Senior Vice President and Secretary, NYSE, to Richard Strasser, Assistant Director, Division of Market Regulation ("Division"), SEC, dated January 21, 2000.

SCHEDULE OF CONTINUING ANNUAL FEES—Continued

[(Effective January 1, 1994)]

	Per million
Minimum fees for shares or ADRs listed (or similar securities) (millions):	
Up to [10] 50	\$35,000 [16,170]
[10+ to 20]	[24,260]
[20+ to 50]	[32,340]
50+ to 100	48,410
100+ to 200	64,580
200	80,440
Maximum annual fee	500,000

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 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 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 proposed rule change amends the listed company fee schedule, set forth in Paragraph 902.04 of the Manual, as it applies to continuing annual listing fees for non-U.S. companies. Specifically, the Exchange seeks to establish a minimum continuing annual fee for non-U.S. companies of \$35,000 per year.

2. Statutory Basis

The Exchange believes the proposed rule change, as amended, is consistent with Section 6(b)(4) of that Act,⁴ which provides that an Exchange have rules that provide for the equitable allocation of reasonable dues, fees and other charges among its members and issuers and other persons using its facilities.

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 that is not necessary or appropriate in furtherance of the purposes of the Act.

⁴ 15 U.S.C. 78f(b)(4).

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

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

A. By order approve the proposed rule change, or

B. Institute proceedings to determine whether the proposed rule change should be disapproved.⁵

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended, 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 at 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-NYSE-00-02 and should be submitted by March 9, 2000.

⁵ The Exchange requested accelerated approval in its filing with the Commission. However, the Exchange retracted its request in a telephone conversation between Amy Bilbija, Counsel, NYSE, and Heather Traeger, Attorney, Division, SEC, on January 11, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42411; File No. SR-NYSE-99-10]

Self-Regulatory Organizations; Order Approving Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 1 to the Proposed Rule Change by the New York Stock Exchange, Inc. To Amend Rule 123A.40

February 10, 2000.

I. Introduction

On March 19, 1999, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("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 NYSE Rule 123A.40. The proposed rule change was published for comment in the **Federal Register** on July 22, 1999.³ On November 1, 1999, the Exchange filed Amendment No. 1.⁴ The Commission received no comments on the proposal. This notice and order approves the proposed rule change, as amended, and solicits comments from interested persons on Amendment No. 1.

II. Description of the Proposal

The proposed rule change would amend NYSE Rule 123A.40 to allow specialists to elect stop orders at a bid or offer that *better's* the market and

would eliminate the requirement for specialists to obtain Floor Official approval, unless the price of the specialist's electing transaction is *more than 2/16* point away from the previous sale.⁵

Presently, NYSE Rule 123A.40 generally prohibits a specialist from making a transaction for his or her own account that would result in electing stop orders.⁶ However, the rule permits a specialist to be a party to the election of a stop order under two circumstances: (i) when the specialist's bid or offer *bettters* the market, is made with the prior approval of a Floor Official, and the specialist guarantee's that the stop order will be executed at the same price as the electing transaction; and (ii) when the specialist purchases or sells stock *at the current bid or offer* to facilitate completion of a member's order at a single price, where the depth of the current bid or offer is not sufficient.

The Exchange proposes to amend part (i) of the rule to allow the specialist to make a bid or offer that *bettters* the market at a price that would elect stop orders and eliminate the requirement to obtain Floor Official approval, unless the price of the specialist's electing transaction is *more than 2/16* point away from the previous sale.⁷ The rule would retain the requirement that the specialist guarantee that stop orders be executed at the same price as the electing sale.

III. Discussion

After careful review, the Commission finds that the proposed rule change is consistent with the Act and the rules and regulations under the Act applicable to a national securities exchange.⁸ In particular, the proposal is

⁵ The provisions of NYSE Rule 123A.40 that requires specialists to guarantee the price of elected stop orders and requires Floor Official approval when a specialist elects stop orders through his own bid or offer are intended to address, in part, the situation where a specialist has an accumulation of stop orders and desires to "clean up the book." For example, this can be accomplished by the specialist entering a bid that elects all of the stop sell orders at the lowest stop order price, or by electing stop sell orders in a series of descending prices until the lowest order is reached. The specialist could use these stop order election processes to drive the share price down to an artificially low level to obtain cheap stock at the expense of public customers. See Securities Exchange Act Release No. 34136 n.10 (May 31, 1994), 59 FR 29461 (June 7, 1994).

⁶ A stop order is an order that becomes an executable market order, or limit order, once the specified price ("stop price") is reached. A stop order is elected when the stock trades at or beyond the stop price and, thus, may not necessarily be executed at that price. See NYSE Rule 13.

⁷ See note 4, *above*.

⁸ In approving this proposed rule change, the Commission has considered its impact on