

submissions should refer to File No. SR-PCX-99-44 and should be submitted by September 13, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁹

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43153; File No. SR-PCX-00-22]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 by the Pacific Exchange, Inc. Relating to Continuing Education Requirements

August 14, 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 August 1, 2000, the Pacific Exchange, Inc. ("PCX" 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. The PCX filed the proposal pursuant to section 19(b)(3)(A) of the Act,³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposal effective upon filing with the Commission.⁵ On August 14, 2000, the Exchange amended the proposal.⁶ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

¹⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

⁵ The PCX provided written notice to the Commission on July 25, 2000 of its intent to file this proposal. See Rule 19b-4(f)(6)(iii), 17 CFR 240.19b-4(f)(6)(ii).

⁶ See August 14, 2000 letter from Cindy L. Sink, Senior Attorney, PCX to Joseph P. Morra, Special Counsel, Division of Market Regulation, SEC, and related attachments ("Amendment No. 1"). In Amendment No. 1, the PCX requested waiver of the 30-day operative period, and made minor, technical changes to the original proposal. The Commission considers the proposal to have been filed as of August 14, 2000, the date the Commission received Amendment No. 1.

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

The Exchange proposes to amend its Rules pertaining to continuing education requirements for registered persons as recommended by the Securities Industry Association/Regulatory Council on Continuing Education. The text of the proposed rule is available at the PCX and at the Commission.

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 PCX included statements concerning the purpose of and basis for 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 modify PCX Rule 9.27(c) pertaining to continuing education requirements of registered persons to conform to recommendations made by the Securities Industry/Regulatory Council on Continuing Education (and rule changes adopted by other SROs).⁷

Currently, PCX Rule 9.27(c) requires all registered persons to complete the Regulatory Element training on three occasions: their second, fifth and tenth registration anniversaries (and also when they are the subject of significant disciplinary action). Once persons are registered for more than ten years, they are graduated from the Regulatory Element program.

The proposed rule change would require participation in the Regulatory Element throughout a registered

person's career, specifically, on the second registration anniversary and every three years thereafter, with no graduation from the program. However, the proposed Rule will allow a one-time exemption for persons who have been registered for more than ten years as of the effective date of the proposed Rule. The proposed rule change would also require that persons registered in a supervisory capacity will have to have been registered in a supervisory capacity for more than ten years as of the effective date of the proposed Rule to be covered by this one-time exemption. Lastly, the proposed rule change would require members to focus on supervisory training needs and address such needs in the Firm Element training plan.

2. Statutory Basis

The Exchange believes that the proposal is consistent with the provisions of section 6 of the Act⁸ and the rules and regulations thereunder applicable to a national securities exchange. Specifically, the Exchange believes that the proposed rule change is consistent with section 6(b)(5) of the Act,⁹ in that it is designed to perfect the mechanism of a national market system, and to protect investors and the public interest. The Exchange also believes the proposed rule change furthers the objectives of sections 6(c)(3)(A) and (B) of the Act.¹⁰ These provisions prescribe appropriate standards of training, experience and competence for broker-dealers and their associated persons.

The Exchange further believes that the proposed rule change is consistent with the purposes underlying section 15(b)(7) of the Act,¹¹ 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 standards of training, competence and other qualifications as the Commission finds necessary or appropriate in the public interest and for the protection of investors.

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.

⁸ 15 U.S.C. 78f.

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ 15 U.S.C. 78f(c)(3)(A) and (B).

¹¹ 15 U.S.C. 78o(b)(7).

⁷ PCX's proposal was modeled in large part after CBOE Rule 9.3A. The proposed amendments on continuing education requirements have been uniformly adopted by other SROs. See Securities Exchange Act Release No. 39712 (March 3, 1998), 63 FR 11939 (March 11, 1998) (SR-CBOE-97-68, SR-MSRB-98-02, SR-NASD-98-03, and SR-NYSE-97-33). See also Securities Exchange Act Release No. 39711 (March 3, 1998), 63 FR 12118 (March 12, 1998) (SR-AMEX-98-08) and Securities Exchange Act Release No. 39802 (March 25, 1998), 63 FR 15474 (March 31, 1998) (SR-Phlx-98-13). See also Securities Exchange Act Release No. 42404 (February 17, 2000), 65 FR 8220 (February 17, 2000) (SR-CHX-99-32).

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

Written comments on the proposed rule change were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for 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) thereunder.¹³ 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.

The Exchange has asked the Commission to waive the 30-day operative period. The Commission believes it is consistent with the protection of investors and the public interest and therefore finds good cause to allow the proposal to become operative today because the proposal conforms PCX's continuing education requirements for registered persons to those at other exchanges, and there is no benefit to investors and other market participants in requiring a 30-day operative delay. For these reasons, the Commission hereby agrees to waive the 30-day operative period, allowing the proposal to be both effective and operative as of the date the Exchange filed the proposal with the Commission.¹⁴

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 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 PCX. All submissions should refer to file number SR-PCX-00-22 and should be submitted by September 13, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁵

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-43161; File No. SR-Phlx-00-39)

Self Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to the Disqualification of Governors

August 16, 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 April 14, 2000, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. On August 15, 2000, the Phlx filed Amendment No. 1 to the proposal.³ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

¹⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Letter from John Dayton, Assistant Secretary and Counsel, Phlx, to Nancy Sanow, Assistant Director, Division of Market Regulation, Commission, dated August 15, 2000 and received by fax ("Amendment No. 1"). Amendment No. 1 made a technical correction to the language of the proposed rule.

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

The Exchange proposes to amend Phlx By-Law Article IV, Section 4-8, *Disqualification of Governors*, to provide that members of the Board of Governors or of any standing or special committee or subcommittee ("Covered Persons") shall not participate, directly or indirectly, in the discussion or determination of any matter affecting their interests, the interests of any member of their immediate family, or any matter in which their impartiality might reasonably be questioned. The proposed rule change provides an exception to allow participation in situations where the covered person's sole interest lies in their membership in the Exchange or in a sub class membership, unless their impartiality might reasonably be questioned. Proposed new language is *italized*, proposed deletions are in brackets.

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ARTICLE IV

Board of Governors

Disqualification of Governors

SEC. 4-8. (a) No Governor shall be disqualified from participating in any meeting, action or proceeding of the Board of Governors by reason of being or having been a member of a Standing or Special Committee which has made prior inquiry, examination or investigation of the subject under consideration. Nor shall any member of any such Committee be disqualified by reason of such membership from acting as a Governor upon an appeal from a decision of any such Committee. [But no person shall] *Pursuant to the Exchange's Code of Conduct for Board Members and Committee Members, members of the Board of Governors or of any Standing or Special Committee or subcommittee shall not participate, directly or indirectly in the [determination of any matter in which he is personally interested.] discussion or determination of any matter affecting their interests, or the interests of any member of their immediate family, or any matter in which their impartiality might reasonably be questioned.*

(b) *For purposes of this section, the term "immediate family" shall include a spouse, a parent, a mother-in-law, a father-in-law, a brother, a sister, a child, any other person living with the individual or any person for whom the individual provides at least 50 percent of that person's financial support per year.*

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(6).

¹⁴ The Commission considers the proposal to have been filed as of August 14, 2000, the date the Exchange filed Amendment No. 1.