

of such purchase) and shall add the proceeds thereof to the participants fund deposit of the former participant for disposition in accordance with DTC Rules;<sup>12</sup> and

(g) certain other conforming and minor stylistic changes.

(3) *Transition Procedure.* The transition procedure sets forth the time and manner in which, without any action required on the part of participants (other than the consent deemed to be given to DTC by virtue of their receipt of all necessary information and their continued use of the services and facilities of DTC), the required deposits of existing participants to the participants fund will be reduced in the aggregate amount of \$75 million and the \$75 million will be used by existing participants to purchases from DTC the series A preferred stock.

## II. Discussion

Section 17A(b)(3)(F)<sup>13</sup> of the Act requires that the rules of a clearing agency be designed to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. For the reasons set forth below, the Commission finds that DTC's proposed rule change is consistent with DTC's obligations under the Act.

The new series A preferred stock will be used in conjunction with and will have the characteristics of required deposits to DTC's participants fund. DTC and its participants' rights and obligations with respect to investments in series A preferred stock will be very similar to their rights and obligations with respect to participants' fund deposits. The rule change enables DTC to increase its capital base and maintain the same level of assets for use in the event of a participation default without imposing any additional financial burden on its participants. Therefore, the Commission finds that the rule change is consistent with DTC's obligation to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible.

## III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A of the Act and the rules and regulations thereunder.

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

proposed rule change (File No. SR-DTC-00-02) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>14</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 00-22019 Filed 8-28-00; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43200; File No. SR-GSCC-00-03]

### Self-Regulatory Organizations; Government Securities Clearing Corporation; Order Approving a Proposed Rule Change Relating to Choice of Law Rules

August 23, 2000.

On April 27, 2000, the Government Securities Clearing Corporation ("GSCC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-GSCC-00-03) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").<sup>1</sup> Notice of the proposal was published in the **Federal Register** on July 7, 2000.<sup>2</sup> On August 21, 2000, GSCC filed an amendment to the proposed rule change.<sup>3</sup> No Comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

## I. Description

The rule change adds a new provision to GSCC's rules, section 1 of Rule 38, that specifies that GSCC's rules and the rights and obligations under the rules will be governed by and construed in accordance with the laws of the State of New York.<sup>4</sup> Even though GSCC believes that New York law governs its rules since GSCC's membership agreement states that the agreement and rules are expressly governed by New York law, GSCC believes that the rule change eliminates any doubts as to which law governs its rules.

## II. Discussion

Section 17A(b)(3)(F)<sup>5</sup> of the Act requires, among other things, that the

<sup>14</sup> 17 CFR 200.30-3(a)(12).

<sup>15</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> Securities Exchange Act Release No. 42991 (June 29, 2000), 65 FR 42051.

<sup>3</sup> The amendment to the rule filing was nontechnical in nature and did not require republication of the notice.

<sup>4</sup> As a result of the rule change, old section 1 of Rule 38, which deals with captions used in GSCC rules, is now section 2 of Rule 38.

<sup>5</sup> 15 U.S.C. 78q-1(b)(3)(F).

rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions. The Commission believes that GSCC's rule change is consistent with GSCC's obligations under the Act because it should help reduce the legal uncertainty associated with GSCC providing depository, clearance, and settlement services to its participants in that these transactions could potentially be governed by numerous states' laws. The choice of New York law assures that GSCC and their respective participants will find harmonious commercial code provisions governing their extensive dealings. In addition, the Commission believes that being governed by New York law offers numerous advantages, including: (i) New York has well-established commercial law principles; (ii) GSCC is established under the New York Business Corporation Law; (iii) GSCC is located in New York; and (iv) the majority of GSCC's members have their principal office in New York.

## III. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements section 17A of the Act and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to section 19(b)(2) of the Act, that the proposed rule change (File No. SR-GSCC-00-03) be, and hereby is, approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>6</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 00-22017 Filed 8-28-00; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43190; File No. SR-NASD-00-47]

### Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the National Association of Securities Dealers, Inc., Relating to a Reduction in National Quotation Data Service Market Data Fees for Non-Professionals

August 22, 2000.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934

<sup>6</sup> 17 CFR 200.30-3(a)(12).

<sup>12</sup> DTC Rule 4, Section 2(h); DTC Rule 4, Section 1(h) provides for the return of the participants fund deposit to a party ceasing to be a participant.

<sup>13</sup> 15 U.S.C. 78q-1(b)(3)(F).

("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August 9, 2000, the National Association of Securities Dealers, Inc. ("NASD or Association", through its wholly-owned subsidiary, Nasdaq Stock Market, Inc. ("Nasdaq"), filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by Nasdaq. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and to grant accelerated approval to the proposed rule change.

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

Nasdaq is proposing to amend NASD Rule 7010(h). Under the proposal, Nasdaq will establish a one-year pilot program, commencing on September 1, 2000 and expiring on August 31, 2001, to reduce from \$50 to \$10 the monthly fee that non-professional users pay to receive National Quotation Data Service ("NQDS") from authorized market data vendors. Proposed new language is in italics; proposed deletions are in brackets.

\* \* \* \* \*

### **NASD Rule 7010. System Services.**

(a)-(g) No Change

(h) *National Quotation Data Service (NQDS)*

(1) *Except as provided in subparagraph (2) of this section, [T]he charge to be paid for each interrogation or display device receiving all or any portion of the information disseminated through the NQDS shall be \$50.00 per month. The NQDS information that will be provided through this service consists of individual market matter quotations, Nasdaq Level 1 Service and the Last Sale Information Service.*

(2) *The charge to be paid by a non-professional for each interrogation or display device receiving all or any portion of the NQDS information disseminated through an authorized vendor shall be \$10.00 per month.*

(3) *A "non-professional" is a natural person who is neither:*

*(A) registered or qualified in any capacity with the Commission, the Commodities Futures Trading Commission, any state securities agency, any securities exchange or association, or any commodities or futures contract market or association.*

*(B) engaged as an "investment adviser" as that term is defined in Section 201(11) of the Investment Advisors Act of 1940 (whether or not registered or qualified under the Act); nor*

*(C) employed or a bank or other organization exempt from registration under federal or state securities laws to perform functions that would require registration or qualification if such functions were performed for an organization not so exempt.*

\* \* \* \* \*

### **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 NASD 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. Nasdaq 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 NQDS delivers market maker quotations, Nasdaq Level 1 service (including calculation and display of the inside market), and last sale information that is dynamically updated on a real-time basis. NQDS data is used not only by firms, associated persons, and other market professionals, but also by non-professionals who receive the service through authorized vendors, including, for example, on-line brokerage firms. Currently, NQDS data is available through authorized vendors at a monthly rate of \$50 for professionals and non-professionals alike.

Nasdaq states that it has consistently supported the broadest, most effective dissemination of market information to public investors. Towards that end, Nasdaq is proposing a one-year pilot program to reduce by 80% the fees currently paid by non-professional users for NQDS data. This fee reduction follows, and is commensurate with, several other fee reductions designed to

increase the dissemination of market data and to decrease the costs of trading on Nasdaq. For example, the Commission recently approved a 50% reduction in the user's fees for Level 1 market data delivered to non-professional users on a monthly basis.<sup>4</sup> This marked a 75% reduction in such fees over a two-year period.<sup>5</sup> In addition, Nasdaq extended a pilot program that had reduced by 50% the fees for Level 1 market data delivered to non-professional users on a per query basis.<sup>6</sup>

Nasdaq believes that reducing the NQDS market data fee from \$50 to \$10 per month for non-professional users unequivocally demonstrates its commitment to individual investors and responds to the dramatic increase in the demand for real-time market data by non-professional market participants. In addition, Nasdaq believes that reducing its rates will reduce the costs to NASD member firms of supplying real-time market data to their customers through automated means and is also likely to encourage vendors to offer increased access to NQDS data to their subscribers.

Nasdaq proposes that the one-year pilot program for non-professional use of NQDS begin on September 1, 2000 and that it continue through August 31, 2001. Nasdaq is currently developing the infrastructure necessary to administer the billing and collection activities related to this fee reduction, and it anticipates completing that infrastructure by September 1, 2000.

##### **2. Statutory Basis**

The NASD believes the proposed rule change is consistent with sections 15A(b)(5) and 15A(b)(6)<sup>7</sup> of the Act in that the proposal is designed to provide for the equitable allocation of reasonable fees among members and other persons using any facility or system that the Association operates or controls, and it does not unfairly discriminate between customers, issuers, brokers or dealers.

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

The NASD believes that the proposed rule change will not result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

<sup>3</sup> Nasdaq added "is" to the text of the proposed rule change. Telephone conversation between Jeffrey S. Davis, Assistant General Counsel, Office of General Counsel, Nasdaq, and Heather Traeger, Attorney, Division of Market Regulation, SEC, on August 17, 2000.

<sup>4</sup> See Securities Exchange Act Release No. 42715 (April 24, 2000), 64 FR 25411 (May 1, 2000).

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> 15 U.S.C. 78o-(b)(5) and 15 U.S.C. 78o-3(b)(6).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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

Written comments were neither solicited nor received.

### III. 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 statement 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 NASD. All submissions should refer to File No. SR-NASD-00-47 and should be submitted by September 19, 2000.

### IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

The Commission finds that the proposed rule change is consistent with sections 15A(b)(5) and 15A(b)(6) of the Act,<sup>8</sup> and the rules and regulations thereunder applicable to a national securities association.<sup>9</sup> Specifically, the proposal should provide for the equitable allocation of reasonable fees among members and other persons using any facility or system that the Association operates or controls. In addition, the Commission believes the proposal does not unfairly discriminate between customers, issuers, brokers or dealers.

The NASD's fee reduction is the latest in a series of reductions designed to lower the cost and concurrently increase the dissemination of real-time market data to individual investors. For the investor to make sound financial decisions, efficient and inexpensive access to this type of market data is vital. Thus, the Commission believes

that reducing the NQDS market data fees should enhance investor access, and may encourage increased investor participation in the securities markets.

Pursuant to section 19(b)(2) of the Act,<sup>10</sup> the Commission finds good cause for approving the proposed rule change prior to the 30th day after the date of publication of notice of filing in the **Federal Register**. The Commission believes that granting accelerated approval of the proposal will allow Nasdaq to expeditiously implement the pilot program to reduce NQDS market data fees without any unnecessary delay and should confer a benefit upon those firms that provide real-time data to their customers and subscribers.

*It is therefore Ordered*, pursuant to section 19(b)(2) of the Act,<sup>11</sup> that the proposed rule change (SR-NASD-00-47), establishing a one-year pilot program from September 1, 2000 until August 31, 2001, is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 00-21961 Filed 8-29-00; 8:45 am]

**BILLING CODE 8010-01-M**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43195; File No. SR-NASD-00-31]

### Self-Regulatory Organizations; Order Approving Proposed Rule Change by National Association of Securities Dealers, Inc. to Apply Nasdaq's Recently Amended Independent Director and Audit Committee Listing Requirements to Limited Partnerships

August 22, 2000.

#### I. Introduction

On May 26, 2000, the National Association of Securities Dealers, Inc. ("NASD") through its wholly owned subsidiary, The Nasdaq Stock Market, Inc. ("Nasdaq"), filed with the Securities and Exchange Commission ("Commission"), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to apply Nasdaq's recently amended independent director and audit

committee listing requirements to limited partnerships.

The proposed rule change was published in the **Federal Register** on June 27, 2000.<sup>3</sup> No comments were received on the proposal. This order approves the proposed rule change.

#### II. Description of the Proposed Rule Change

##### A. Independent Director and Audit Committee Listing Requirements

In 1993, Nasdaq established corporate governance standards, including independent director and audit committee requirements, for limited partnerships that were similar to those for other issuers. Last year, the Commission approved amendments to the independent director and audit committee listing requirements for corporations quoted on Nasdaq.<sup>4</sup> Nasdaq believes that although there are few limited partnerships currently quoted on Nasdaq, the new independent director and audit committee requirements should also be applied to limited partnerships in order to provide investors in limited partnerships with the same protections enjoyed by the shareholders of corporations. Therefore, Nasdaq proposes to extend the recent amendments to its independent director and audit committee listing standards for corporations to limited partnerships.

##### B. Implementation

In order to minimize disruption to existing limited partnership audit committees, to permit current audit committee members to serve out their terms, and to allow adequate time for the recruitment of the requisite members, Nasdaq proposes to provide limited partnerships eighteen months from the date of this approval to meet the audit committee structure and membership requirements. Additionally, Nasdaq proposes that limited partnerships listed on the effective date of the rule be provided with six months following the date of this approval order to adopt a formal written audit committee charter.

Further, Nasdaq proposes that limited partnerships that applied for listing prior to the effective date of the rule be able to qualify for listing under the listing standards in force at the time of their application, and receive the same grace period provided to current limited partnerships. Also, limited partnerships that transfer to Nasdaq from the

<sup>8</sup> *Id.*

<sup>9</sup> In reviewing this proposal, the Commission has considered its potential impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Securities Exchange Act Release No. 42970 (June 21, 2000), 65 FR 39642.

<sup>4</sup> See Securities Exchange Act Release No. 42231 (December 14, 1999), 64 FR 71523 (December 21, 1999).