

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-CHX-00-16 or SR-Amex-00-10 and should be submitted by October 31, 2000.

## V. Conclusion

For the foregoing reasons, the Commission finds that Amex and CHX's proposals relating to the listing and trading of trust issued receipts pursuant to Rule 19-4(e) are consistent with the requirements of the Act and rules and regulations thereunder.

*It is therefore ordered*, pursuant to section 19(b)(2) of the Act,<sup>26</sup> that the proposed rule change (SR-CHX-00-16), as amended, and the proposed rule change (SR-Amex-00-10), as amended, are approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>27</sup>

**Margaret H. McFarland,**  
Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43402; File No. SR-CHX-00-29]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Stock Exchange, Incorporated Relating to Fees for the E-Session

October 2, 2000.

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> notice is hereby given that on September 22, 2000, the Chicago Stock Exchange, Incorporated ("CHX" 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 Exchange had designated this proposal as one establishing or changing a due, fee, or other charge imposed by the CHX under section 19(b)(3)(A)(ii) of the Act,<sup>3</sup> which renders the proposal effective

upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend its membership dues and fees schedule (the "Schedule") to provide Exchange specialists and floor brokers with a credit of \$.25 per trade executed during the Exchange's extended hours trading session ("E-Session")<sup>4</sup> through December 31, 2000. The text of the proposed rule change is below. Additions are in italics. Deletions are in brackets.

#### Membership Dues and Fees

\* \* \* \* \*

#### M. Credits

##### 1. Specialists Credits

Total monthly fees owed by a specialist to the Exchange will be reduced (but to no less than zero) by the application of the following [transaction] credits:

- a. No change to text.
- b. No change to text.
- c. E-Session Credits. A credit of \$.25 per trade executed during the E-Session. This credit shall be available through *December 31, 2000* [October 1, 2000].

##### 2. Floor Broker Credits

- a. No change to text.
- b. No change to text.
- c. E-Session Credits. Total monthly fees owed by a floor broker to the Exchange will also be reduced (but to no less than zero) by the application of an E-Session Credit. "E-Session Credit" means a credit of \$.25 per trade executed during the E-Session. This credit shall be available through *December 31, 2000* [October 1, 2000].

\* \* \* \* \*

### 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

<sup>4</sup> On October 13, 1999, the Commission approved, on a pilot basis, the CHX's proposed rule change that allowed the CHX to implement an extended hours trading session. See Securities Exchange Act Release No. 42004 (October 13, 1999), 64 FR 56548 (October 20, 1999) (SR-CHX-99-16). The Commission recently approved the CHX's proposal to make the E-Session a permanent part of the CHX's operations. See Securities Exchange Act Release No. 43304 (September 19, 2000), 65 FR 57850 (SR-CHX-00-26). The E-Session takes place from 3:30 p.m. to 5:30 p.m., Central Time, Monday through Friday.

places specified in Item IV below. The Exchange has prepared summaries, set forth in Section 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

On October 29, 1999, the Exchange implemented the E-Session, which permits investors to submit limit orders for execution until 5:30 p.m., Central Time. To encourage members to seek additional order flow during the E-Session, the Exchange developed an E-Session credit program that provides Exchange specialists and floor brokers with a credit of \$.25 per trade executed during the E-Session. The credit program was effective on filing with the Commission in May 2000,<sup>5</sup> and is scheduled to expire on October 1, 2000. This proposal extends the E-Session credit program through December 31, 2000.

#### 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act<sup>6</sup> in that it provides for the equitable allocation of reasonable dues, fees and other charges among its members.

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

The Exchange does not believe that the proposed rule change will impose 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 solicited or received.

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

The proposed rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>7</sup> and subparagraph (f)(2) of Rule 19b-4 thereunder,<sup>8</sup> because it involves a due, fee, or other charge. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily

<sup>5</sup> See Securities Exchange Act Release No. 42784 (May 15, 2000), 65 FR 33383 (May 23, 2000) (SR-CHX-00-12).

<sup>6</sup> 15 U.S.C. 78f(b)(4).

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>8</sup> 17 CFR 240.19b-4(f)(2).

<sup>26</sup> 15 U.S.C. 78s(b)(2).

<sup>27</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> 15 U.S.C. 78s(b)(3)(A)(ii).

abrogate such rule change if it appears 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.<sup>9</sup>

#### 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, an 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 Exchange. All submissions should refer to file number SR-CHX-00-29, and should be submitted by October 31, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43403; File No. SR-CHX-00-30]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Stock Exchange, Incorporated Relating to Membership Dues and Fees During the E-Session

October 2, 2000.

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> notice is hereby given that on September 22, 2000, the Chicago Stock Exchange, Incorporated ("CHX" 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. The Exchange has designated this proposal as one establishing or changing a due, fee, or other charge imposed by the CHX under Section 19(b)(3)(A)(ii) of the Act,<sup>3</sup> which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend its membership dues and fees schedule (the "Schedule") to continue, through December 31, 2000, the waiver of all transaction, order processing and floor broker fees for transactions that occur during the CHX's E-Session extended hours trading session. The text of the proposed rule change is available upon request from the CHX and 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 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 Schedule to eliminate, through December 31, 2000, order processing, transaction and floor broker fees for transactions that occur during the CHX's E-Session.<sup>4</sup> This proposal is designed to allow CHX members to continue to participate in the E-Session without incurring the fees normally associated with their CHX transactions.<sup>5</sup> According to the Exchange, the vast majority of the securities that trade during the E-Session are already subject to order processing and transaction fee waivers under the current fee schedule because they are either Nasdaq/NMS issues or issues within the S&P 500. Waiving fees on the few remaining securities and on floor broker transactions in all securities simplifies the Exchange's fee-related communications with its members.

##### 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act<sup>6</sup> in that it provides for the equitable allocation of reasonable dues, fees and other charges among its members.

<sup>4</sup> On October 13, 1999, the Commission approved, on a pilot basis, the CHX's proposed rule change that allowed the CHX to implement an extended hours trading session. See Securities Exchange Act Release No. 42004 (October 13, 1999), 64 FR 56548 (October 20, 1999) (SR-CHX-99-16). The Commission recently approved the CHX's proposal to make the E-Session a permanent part of the CHX's operations. See Securities Exchange Act Release No. 43304 (September 19, 2000), 65 FR 57850 (SR-CHX-00-26). The E-Session takes place from 3:30 p.m. to 5:30 p.m., Central Time, Monday through Friday.

<sup>5</sup> E-Session fees have been waived since the beginning of the E-Session. See Securities Exchange Act Release Nos. 42089 (November 2, 1999), 64 FR 60864 (November 8, 1999) (SR-CHX-99-23) (waiving fees from October 13, 1999 through December 31, 1999); 42329 (January 11, 2000), 65 FR 3000 (January 19, 2000) (SR-CHX-99-29) (waiving fees from January 1, 2000 through March 1, 2000); 42486 (March 2, 2000), 65 FR 12601 (March 9, 2000) (SR-CHX-005) (waiving fees from March 2, 2000 through June 30, 2000); and 42929 (June 13, 2000), 65 FR 38620 (June 21, 2000) (SR-CHX-00-18) (waiving fees from July 1, 2000 through October 1, 2000). This proposal simply extends the waiver of the same fees through December 31, 2000. See October 2, 2000 telephone conversation between Ellen J. Neely, Vice President and General Counsel, CHX, and Joseph P. Morra, Special Counsel, Division of Market Regulation, SEC.

<sup>6</sup> 15 U.S.C. 78f(b)(4).

<sup>9</sup> The Commission notes that the proposal may raise questions concerning payment for order flow. To the extent that it does raise such issues, exchange members should consider best execution and disclosure obligations they may have under the federal securities laws in general, and particularly under Rules 10b-10 and 11Ac1-3 under the Act. 17 CFR 240.10b-10 and 17 CFR 240.11Ac1-3, respectively.

<sup>10</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> 15 U.S.C. 78s(b)(3)(A)(ii).