

chief financial officer and registered financial and operations principal.

The law judge found that, on four separate dates between December 1995 and March 1996, RSI violated the Commission's net capital rule, failed to keep accurate books and records, and failed to notify the Commission of its net capital and books and records deficiencies. The law judge also found that Kent willfully aided and abetted, and caused, RSI's violations. The law judge fined RSI \$100,000; suspended Kent for one year from association with a broker-dealer or a member of a national securities exchange or registered securities association, and fined Kent \$25,000; and ordered RSI and Kent to cease and desist from future similar violations.

Among the issues likely to be argued are the following:

(1) Whether the stock due to RSI under its investment banking agreements was "readily convertible into cash," and thus an allowable asset under the net capital rule;

(2) Whether the net capital rule's provision for disallowing assets not "readily convertible into cash" violates due process;

(3) Whether Kent's conduct satisfied the elements of aider and abettor liability; and

(4) What sanctions, if any, are appropriate.

For further information, contact Joan Loizeaux at (202) 942-0950.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c) (4), (8), (9)(A) and (10) and 17 CFR 200.402(a)(4), (8), (9)(A) and (10), permit consideration for the scheduled matter at the closed meeting.

The subject matter of the closed meeting scheduled for Wednesday, December 13, 2000 will be:

- Post argument discussion.

The subject matter of the closed meeting scheduled for Thursday, December 14, 2000 will be:

- Institution and settlement of injunctive actions; and
- Institution and settlement of administrative proceedings of an enforcement nature.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if

any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary at (202) 942-7070.

Dated: December 6, 2000.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-31485 Filed 12-6-00; 3:44 pm]

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SECURITIES AND EXCHANGE COMMISSION

[File No. 500-1]

Net Tel International, Inc.; Order of Suspension of Trading

December 5, 2000.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Net Tel International, Inc. ("Net Tel") because of questions regarding the accuracy of publicly disseminated information concerning, among other things, letters of intent to acquire businesses entered into by Net Tel.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above listed company.

Therefore, it is ordered, pursuant to section 12(k) of the Securities Exchange Act of 1934, that trading in the above listed company is suspended for the period from 1:30 p.m. EST, December 5, 2000, through 11:59 p.m. EST, on December 18, 2000.

By the Commission.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-31408 Filed 12-6-00; 11:35 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43653; File No. SR-CSE-00-08]

Self-Regulatory Organizations; The Cincinnati Stock Exchange, Incorporated; Order Granting Approval to Proposed Rule Change To Include CSE Rule 11.9(u) and Interpretation .01 Thereunder in the Minor Rule Violation Program

December 1, 2000.

I. Introduction

On October 13, 2000, The Cincinnati Stock Exchange, Incorporated ("CSE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or

"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 CSE Rule 8.15, Imposition of Fines for Minor Violation(s) of Rules, to include CSE Rule 11.9(u) and Interpretation .01 thereunder, requiring CSE members to display certain market orders ("Market Order Display Rule"). The proposed rule change was published for comment in the **Federal Register** on October 27, 2000.³ No comments were received on the proposal. This order approves the proposed rule change.

II. Description of the Proposal

The CSE proposes to amend CSE Rule 8.15, Imposition of Fines for Minor Violation(s) of Rules, which provides for an alternative disciplinary regimen involving violations of Exchange rules that the Exchange determines are minor in nature. In lieu of commencing a disciplinary proceeding pursuant to Rules 8.1 through 8.14, the Minor Rule Violation Program ("Program") permits the Exchange to impose a fine, not to exceed \$2,500, on any member, member organization, or registered or non-registered employee of a member or member organization ("Member") that the Exchange determines has violated a rule included in the Program. Adding a particular rule violation to the Program in no way circumscribes the Exchange's ability to address violations of those rules through more formal disciplinary rules. The Program simply provides the Exchange with greater flexibility in addressing rule violations that warrant a stronger regulatory response after the issuance of cautionary letters and yet, given the nature of the violations, do not rise to the level of requiring formal disciplinary proceedings.

The Exchange proposes to add the failure to properly expose on the Exchange or immediately price improve certain customer market orders, as provided in Interpretation .01 to Exchange Rule 11.9(u), to the list of Exchange rule violations and fines included in the Program.⁴ The Exchange believes that Market Order Display Rule violations often are inadvertent and, in most cases, are best addressed in a summary fashion. However, because Interpretation .01 is predicated on the Exchange's commitment to promote customer price improvement

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 43471 (October 20, 2000), 65 FR 64463 (October 27, 2000).

⁴ For further discussion of the CSE's Market Order Display Rule, see CSE Regulatory Circular to Exchange Members 97-07 (June 17, 1997).

opportunities, violations of this Interpretation require sanctions more rigorous than a series of cautionary letters prior to formal proceedings.

Under the proposal, Exchange regulatory staff will review a sampling of Exchange members' market orders, based on appropriate market conditions, to determine if a threshold of market order exposure violations has been exceeded. Violations that exceed 2% of all eligible market orders of any Member for any calendar quarter will result in a \$1,000 fine for that quarter. The second quarterly violation within a rolling 12-month period will result in a \$2,500 fine. A third quarterly violation within a rolling 12-month period will result in a CSE Business Conduct Committee hearing with a staff recommendation of a \$10,000 fine.⁵

The minor rule violation fine schedule is merely a recommended schedule; fines of more or less than the recommended amount can be imposed (up to a \$2,500 maximum) in appropriate situations. Also, the Exchange reserves the right to proceed with formal disciplinary action when, in the Exchange's opinion, circumstances warrant a more severe level of sanction or remedial action.

III. Discussion

The Commission has reviewed carefully the CSE's proposed rule change and finds, for the reasons set forth below, that the proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.⁶ In particular, the commission finds the proposal is consistent with sections 6(b)(5),⁷ 6(b)(6),⁸ 6(b)(7),⁹ and 6(d)(1),¹⁰ of the Act.

⁵ While the Exchange will collect data on a daily basis, the Exchange's initial sampling will consist of a review of data collected for two days per week—the day with the most violations, and the day with the fewest. Based on the Exchange's analysis of this information, the Exchange will determine if the violations exceed 2% of all eligible market orders for each calendar quarter. The Exchange plans eventually to determine violations based on information collected daily, rather than on a partial sample, with March 2001 as the proposed target date. See telephone conversation among Jeffrey Brown, Vice President, Regulation and General Counsel, CSE, James Flynn, Staff Attorney, CSE and Katherine England, Assistant Director, Division of Market Regulation ("Division"), SEC and Joseph Morra, Special Counsel, Division, SEC, November 30, 2000.

⁶ In approving this rule, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁷ 15 U.S.C. 78f(b)(5).

⁸ 15 U.S.C. 78f(b)(6).

⁹ 15 U.S.C. 78f(b)(7).

¹⁰ 15 U.S.C. 78f(d)(1).

Section 6(b)(5) requires that the rules of an exchange be designed to promote just and equitable principles of trade and to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. The Commission believes the proposal is consistent with section 6(b)(5) because it will augment the Exchange's ability to police its market, and will allow greater flexibility in responding to violations of the Market Order Display Rule.

Section 6(b)(6) requires that the rules of an exchange provide that its members and persons associated with its members shall be appropriately disciplined for violations of Commission and Exchange rules. Including violations of the Market Order Display Rule in the Program should give the Exchange the ability to treat violations of the Rule in a summary fashion, but retain the flexibility to address more egregious violations of the Rule with more severe sanctions where appropriate.

In addition, the Commission believes that the proposal provides a reasonable procedure for the discipline of Members consistent with sections 6(b)(7) and 6(d)(1) of the Act. Section 6(b)(7) requires the rules of an exchange to be in accordance with the provisions Section 6(d), and, in general, to provide a fair procedure for the disciplining of members and persons associated with members. Section 6(d)(1) requires that, in any proceeding by an exchange to determine whether a member should be disciplined, the exchange must bring specific charges, notify the member of those charges, and give the member an opportunity to defend against the charges. Because CSE Rule 8.15 provides procedural safeguards to the Member being fined, and allows the Member who is disciplined to request full hearing on the matter, the Commission believes the proposal is both reasonable and consistent with sections 6(b)(7) and 6(d)(1).

The Commission notes that by allowing the CSE to address violations of the Market Order Display Rule under the Program, the Commission in no way minimizes the importance of compliance with the Rule, and all other Rules subject to the imposition of fines under the Program. The Commission believes that the violation of any Exchange and/or Commission Rule is a serious matter. However, in an effort to provide the Exchange with greater flexibility in addressing certain violations, the Program provides a reasonable means to address rule violations that do not rise to the level of

requiring formal disciplinary proceedings. The Commission expects that the CSE will continue to conduct surveillance with due diligence, and make a determination based on its findings whether fines of more or less the recommended amount are appropriate for violation of the Market Order Display Rule on a case by case basis, or if a violation requires formal disciplinary action.

IV. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,¹¹ that the proposed rule change (SR-CSE-00-08) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹²

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 00-31297 Filed 12-7-00; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43659; File No. SR-ISE-00-14]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by the International Securities Exchange LLC, Relating to Listing Procedures

December 4, 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 November 15, 2000, the International Securities Exchange LLC ("Exchange" or "ISE") 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 ISE. 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 ISE is proposing to amend the procedures by which it lists options to conform its procedures to those currently in place at the other options exchanges. The text of the proposed rule change is available at the Commission and the ISE.

¹¹ 15 U.S.C. 78s(b)(2).

¹² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.