

3. Statutory Basis

The CBOE believes the proposed rule change is consistent with and furthers the objectives of section 6(b)(5)⁶ of the Act in that it is designed to remove impediments to a free and open market and to protect investors and the public interest.

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

The CBOE does not believe that the proposed rule change will impose any burden on competition.

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

No written comments were solicited or received with respect to the proposed rule change.

III. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule 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 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 CBOE. All submissions should refer to File No. SR-CBOE-00-02 and should be submitted by June 28, 2000.

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

After careful review, the Commission finds that the proposal is consistent with the requirements of the Act.⁷ In particular, the Commission finds the proposal is consistent with section 6(b)(5)⁸ of the Act. Section 6(b)(5)

requires, among other things, that the rules of an exchange be designed to promote just and equitable principles of trade and to protect investors and the public interest.

The Commission believes that the proposal promotes just and equitable principles of trade. In particular, the proposal clarifies index settlement procedures in the unusual situation when a primary market where component stocks trade is closed on the index settlement day. By way of example, the CBOE discusses a situation in the fall of 1999 when some people thought the NYSE would be closed on the settlement day. This closure would have affected many index options traded on CBOE, including S&P 500 index options. If the market did not open, CBOE's settlement rules would have required the Exchange and the OCC to look at the previous closing prices for component stocks that traded on the NYSE. This procedure varied from the settlement procedures of a futures exchange that traded futures on the S&P 500 index. Moreover, the settlement procedure also placed investors in S&P 500 index options in the unusual situation of having to guess as to whether the NYSE would open on the settlement day. By relying on the opening price of a security on the next day the primary market is open, the proposal helps clarify CBOE index settlement procedures and also makes these procedures conform to industry practice in the futures markets. Further, the proposal helps reduce investor confusion by implementing rules that foster investor certainty in the unusual situation when a primary market where component stocks trade is closed on the index settlement day.

The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice thereof in the **Federal Register**. A virtually identical proposal, SR-OCC-00-01, was published in the **Federal Register** for the full 21-day comment period and the Commission received no public comments.⁹ The current proposal mirrors the changes that were proposed by the OCC in SR-OCC-00-01. The Commission believes, therefore, that granting accelerated approval to the proposed rule change is appropriate and consistent with section 6 of the Act.¹⁰

It Is Therefore Ordered, pursuant to section 19(b)(2) of the Act,¹¹ that the proposed rule change (SR-CBOE-00-02), as amended, is hereby approved on an accelerated basis.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42850; File No. SR-CBOE-00-06]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating to Exchange Fees

May 30, 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 March 3, 2000, the Chicago Board Options Exchange, Incorporated ("CBOE" 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 CBOE. On April 12, 2000, the Exchange submitted Amendment No. 1 to the proposed rule change.³ 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 make certain changes to its fee schedule. The text of the proposed rule change is available at the Office of the Secretary, CBOE and at the Commission.

¹ 15 U.S.C. 78s(b)(2).

² 17 CFR 200.30-3(a)(12).

³ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ In Amendment No. 1, the Exchange corrected the Schedule of Dues and Fees contained in Appendix A to reflect what the Exchange's fee schedule stated with respect to equity option customer order fees and trade match fees before the proposed rule change was filed. See Letter from Angelo Evangelou, Attorney, Legal Division, CBOE, to Jennifer Colihan, Attorney, Division of Market Regulation, SEC, dated April 11, 2000 ("Amendment No. 1").

⁶ 15 U.S.C. 78f(b)(5).

⁷ In addition, pursuant to section 3(f) of the Act, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁸ 15 U.S.C. 78f(b)(5).

⁹ See Release No. 34-42769 (May 9, 2000), 65 FR 31036 (May 15, 2000) (order approving SR-OCC-00-01.)

¹⁰ 15 U.S.C. 78f.

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 CBOE 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 CBOE 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 is proposing to rescind certain customer equity options fees. The foregoing fee changes are being implemented by the Exchange pursuant to CBOE Rule 2.22 and will be in effect as of March 1, 2000.

The Exchange proposes to rescind transaction fees for public customer equity option orders routed through CBOE's electronic Order Routing System ("ORS"). The Exchange further proposes to eliminate the trade match fee for public customer equity option orders routed through ORS. An overwhelming majority of CBOE customer orders are routed via ORS. The Exchange, therefore, believes this fee change will generate significant savings for its customers.

Manually executed public customer orders will retain the current \$0.09 transaction fee and \$0.05 trade match fee. Orders entered into ORS via the Exchange's Booth Entry and Routing System (BERS) after a manual execution will also be subject to the current \$0.09 transaction fee and \$0.05 trade match fee, and shall not be eligible for the fee reduction proposed herein.

2. Statutory Basis

The Exchange represents that the proposed rule change is consistent with section 6(b) ⁴ of the Act in general and furthers the objectives of section 6(b)(4) ⁵ in particular because it provides for the equitable allocation of reasonable dues, fees and other charges among CBOE 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 or unnecessary burden on competition.

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 with respect to the proposed rule change.

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

The foregoing rule change establishes or changes a due, fee or charged imposed by the Exchange and, therefore, has become effective upon filing pursuant to Section 19(b)(3)(A) of the Act ⁶ and subparagraph (f)(2) of Rule 19b-4 ⁷ thereunder.⁸

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate the 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 purpose of the Act.⁷

IV. 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, 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 in the Commission's Public Reference Section, 450 Fifth Street, NW, Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the CBOE.⁸

All submissions should refer to the file number in the caption above and should be submitted by June 28, 2000.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42865; International Series Release No. 1225; File No. SR-DTC-00-07]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Order Granting Accelerated, Temporary Approval of a Proposed Rule Change Relating to the Admission of Non-U.S. Entities as Direct Depository Participants

May 30, 2000.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on May 18, 2000, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared primarily by DTC. The Commission is publishing this notice and order to solicit comments from interested persons and to grant accelerated, temporary approval of the proposed rule change through May 31, 2001.

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

The purpose of the proposed rule change is to extend the Commission's temporary approval of DTC's admission criteria for entities that are organized in a country other than the United States ("non-U.S. entities").

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, DTC 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. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 17 CFR 240.19b-4(f)(2).

⁸ In reviewing this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified the text of the summaries prepared by DTC.

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(4).