

considered, and does not raise any new regulatory issues.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change be, and hereby is, approved on an accelerated basis as a pilot program through November 29, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43233; File No. SR-Amex-00-03]

Self-Regulatory Organizations; American Stock Exchange LLC.; Order Approving Proposed Rule Change Relating to the Reporting of Options Transactions

August 30, 2000.

I. Introduction

On February 22, 2000, the American Stock Exchange LLC ("Amex" or the "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 relating to the reporting of options transactions. The Amex filed Amendment No. 1 to this proposal on June 12, 2000.³ The proposed rule change, as amended, was published for comment in the **Federal Register** on June 27, 2000.⁴ The Commission received no comments on the proposal. This order approves the proposal, as amended.

II. Description of the Proposal

The Amex proposes to adopt a new rule, Amex Rule 992, to require the reporting of options transactions within 90 seconds of the execution. In Amendment No. 1, the Exchange

confirmed that any transaction not reported within 90 seconds after execution would be designated as "late" and would be a violation of proposed Amex Rule 992. In addition, pursuant to the proposed rule, a pattern or practice of late reporting without exceptional circumstances may be considered conduct inconsistent with just and equitable principles of trade.

Currently, the Amex Options Display Book ("AODB") handles the reporting of options transactions.⁵ The AODB processes orders routed to it both electronically and manually. Orders routed electronically are either executed automatically by the Exchange's Auto-Ex system or executed by the specialist through the AODB.⁶ These options transactions are immediately reported to the Amex Option Market Data System, which processes all Amex trades, and the Options Price Reporting Authority, which disseminates trade information to the Amex's members and the investing public through vendors. Orders manually routed to the Exchange through a floor broker and executed in the trading crowd are reported to the specialist or his clerk for entry into the AODB and processed in the same manner as electronically routed and executed trades.⁷

III. Discussion

The Commission finds that the proposal is consistent with the requirements of the Act.⁸ In particular, the Commission finds that the proposed rule change furthers the objectives of section 6(b)(5),⁹ in that it is designed to prevent fraudulent manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

The Commission believes that the proposal, which requires the reporting of all options transactions within 90 seconds of execution, should help to

⁵ According to the Exchange, the AODB is an electronic order book and execution-processing system that was adopted to replace and improve upon what was once a paper-based specialist's book.

⁶ The Exchange estimates that 60-70% of options transactions are electronically routed and executed orders that are immediately reported and printed on the tape.

⁷ An example of such a trade is one that does not include either the specialist or a customer limit order as a party to the trade.

⁸ In approving this rule, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁹ 15 U.S.C. 78f(b)(5).

prevent fraudulent and manipulative acts and practices, as well as to promote just and equitable principles of trade. The Commission believes that the proposed rule change, as amended, should enable the Exchange to provide accurate trade information to investors more efficiently. The enhanced transparency associated with timely trade reporting should facilitate price discovery for investors and assist the Amex's surveillance of its members' trading in listed options.

IV. Conclusion

It Is Therefore Ordered, pursuant to section 19(b)(2) of the Act,¹⁰ that the proposed rule change (SR-Amex-00-03) is approved, as amended.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43231; File No. SR-Amex-00-41]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by the American Stock Exchange LLC Relating to Rules Regarding Decimal Pricing

August 30, 2000.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 7, 2000, the American Stock Exchange LLC "Amex" 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 Amex. The Amex 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 The Commission is

¹⁰ 15 U.S.C. 78s(b)(2).

¹¹ 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 Commission agreed to waive the 5-day pre-filing notice requirement because the proposal implements decimal pricing pursuant to the "Decimal Implementation Plan for the Equities and Options Markets" ("Plan") submitted to the Commission on July 24, 2000.

¹⁴ 17 CFR 200.30-3(a)(12).

¹⁵ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See letter from Claire P. McGrath, Vice President and Special Counsel, Derivative Securities, Amex to Nancy Sanow, Assistant Director, Division of Market Regulation ("Division"), Commission, dated June 9, 2000 ("Amendment No. 1"). In Amendment No. 1, the Exchange clarified the proposed rule text and confirmed that a member's failure to report an options transaction within 90 seconds would be considered a violation of proposed Amex Rule 992.

⁴ Securities Exchange Act Release No. 42966 (June 20, 2000), 65 FR 39638 (June 27, 2000).