

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

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42546; File No. SR-NYSE-00-02]

### Self-Regulatory Organizations; Order Granting Approval to Proposed Rule Change and Amendment No. 1 by the New York Stock Exchange, Inc. To Amend the Schedule of Continued Annual Listing Fees for Non-U.S. Companies

March 20, 2000.

On January 4, 2000, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "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 amend the schedule of continuing annual fees for non-U.S. companies. Amendment No. 1 was filed on January 27, 2000.<sup>3</sup> The proposed rule change, as amended, was published for comment in the **Federal Register** on February 17, 2000.<sup>4</sup> No comments were received on the proposal. This order approves the proposal, as amended.

The proposed rule change amends the listed company fee schedule, set forth in Paragraph 902.04 of the NYSE's Listed Company Manual ("Manual"), as it applies to continuing annual listing fees for non-U.S. companies. The current continuing annual listing fee for non-U.S. companies is equal to the greater of the fee calculated on a per share or American Depositary Receipts ("ADR") (or similar security) basis or based on the range minimums listed in the Manual. The proposal would combine the three lowest range of shares or ADRs (up to 10 million, from 10 to 20 million, and from 20 to 50 million) and their respective fees (\$16,170, \$24,260, and \$32,340) into one range minimum (up to 50 million) with one fee (\$35,000).

The Commission finds that the proposed rule change, as amended, is

consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and in particular, with the requirements of Section 6(b).<sup>5</sup> The proposal would establish a range minimum fee for non-U.S. companies with up to 50 million shares or ADRs (or similar securities) of \$35,000 per year. In light of the increased costs of providing market place services,<sup>6</sup> the Commission believes that the proposal is consistent with the Section 6(b)(4)<sup>7</sup> requirements that an Exchange have rules that provide for the equitable allocation of reasonable dues, fees and other charges among its members and issuers and other persons using its facilities.<sup>8</sup>

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>9</sup> that the proposed rule change (SR-NYSE-00-02), as amended, is approved.

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. 34-42550; File No. SR-PCX-99-38]

### Self-Regulatory Organizations; Order Approving Proposed Rule Change by the Pacific Exchange, Inc. Relating to Statistical Reports Provided to Market Makers

March 20, 2000.

#### I. Introduction

On October 5, 1999, the Pacific Exchange, Inc. ("Exchange" or "PCX"), 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

<sup>5</sup> 15 U.S.C. 78f(b).

<sup>6</sup> According to the NYSE, the proposal is necessary because of the increased costs of providing market place services to issuers, such as research analysis. Telephone conversation between Amy Bilbija, Counsel, NYSE, and Heather Traeger, Attorney, Division of Market Regulation, SEC, on March 8, 2000.

<sup>7</sup> 15 U.S.C. 78f(b)(4).

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

<sup>9</sup> 15 U.S.C. 78b(b)(2).

<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.

change relating to statistical reports provided to market makers. The Exchange filed Amendment No. 1 to the proposed rule change on January 11, 2000.<sup>3</sup> The proposed rule change, as amended, was published for comment in the **Federal Register** on February 15, 2000.<sup>4</sup> The Commission received no comments on the proposal. This order approves the proposal, as amended.

#### II. Description of the Proposal

The Exchange proposes to furnish its market makers with statistical reports designed to measure trading volume and participation in trading activity in each option issue traded on the Exchange. The reports will identify which order flow providers currently are bringing trades to the PCX and how those orders are being executed. Specifically, the reports will include monthly trading information that describes, by order flow provider, the issue and number of contracts traded, the Lead Market Maker post where the issue is traded, the contra and executing broker symbols, and whether the trade was executed through the Exchange's Automatic Execution System, through the Limit Order Book, or manually in the trading crowd.

The Exchange believes these reports will help market makers develop marketing plans specific to order flow providers that the market makers can use to help increase order flow to the PCX. In addition, the reports are designed to help market makers support their business relationships and encourage further business development with order flow providers. Furthermore, these reports will help the market makers identify specific customers to whom they should direct their marketing efforts. The Exchange believes that these reports will help the market makers focus on specific business needs of their customers, so that they can attract more business to the PCX. Finally, the Exchange believes the reports will help the Exchange compete for order flow in multiple traded issues.

#### III. Discussion

After careful review, the Commission finds that the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in

<sup>3</sup> Letter from Robert P. Pacileo, Staff Attorney, Regulatory Policy, PCX, to Richard C. Strasser, Assistant Director, Division of Market Regulation, Commission, dated January 7, 2000 ("Amendment No. 1"). Amendment No. 1 adds Exchange Rule 6.41 to the text of Exchange Rule 6.

<sup>4</sup> Securities Exchange Act Release No. 42401 (Feb. 7, 2000), 65 FR 6647.

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

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

<sup>3</sup> See letter from James E. Buck, Senior Vice President and Secretary, NYSE, to Richard Strasser, Assistant Director, Division of Market Regulation, SEC, dated January 21, 2000 ("Amendment No. 1").

<sup>4</sup> Securities Exchange Act Release No. 42406 (February 8, 2000), 65 FR 8222.