

Nasdaq/NM securities at the end of each quarter trade during the E-Session. Currently, 311 securities are eligible for trading during the E-Session.

Members Eligible to Participate in the E-Session. All CHX members have access to the E-Session, in accordance with applicable CHX rules.

Mandatory Disclosures To Non-Members. Because the E-Session operates in a manner, and at a time, that is different from the CHX's primary trading session, members must provide specific disclosures to non-members before accepting orders for execution in the E-Session. These disclosures are designed to ensure that participants in the after-hours market understand the potential risks of that participation.

Surveillance and Oversight. The Exchange surveils E-Session trading using many of the same surveillance programs it uses to monitor trading during the primary trading session. E-Session order delivery, quoting and matching is almost entirely controlled by the CHX's electronic systems. These systems reduce the possibility for intentional or inadvertent mishandling of orders and enhance the effectiveness of the surveillance programs. According to the CHX, E-Session surveillance has operated effectively during the first six months of after-hours trading.

Procedures for Reviewing Capacity, Security and Contingency Planning. The CHX uses many of the same review procedures for systems security, capacity management, and recovery and contingency planning that it employs for the systems that support the primary trading session.

2. Statutory Basis

The proposed extension of the operation of the E-Session is consistent with Section 6(b)(5) of the Act¹¹ in that it is designed to promote just and equitable principles of trade, to remove impediments to, and to perfect the mechanism of, a free and open market and a national market system, and, in general, to protect investors and the public interest.

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

The Exchange believes that no burden will be placed on competition as a result of the proposed extension of the effective dates of the E-Session. Indeed, the Exchange believes this new session has fostered competition in the after-hours trading arena by permitting investors to trade on a registered securities exchange, rather than through

an electronic communications network or alternative trading system.

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

No written comments were either solicited or received.

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

Because the foregoing proposed rule change does not:

- (i) Significantly affect the protection of investors or the public interest;
- (ii) Impose any significant burden on competition; and
- (iii) Become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)¹² and Rule 19b-4(f)(6) thereunder.¹³ At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such 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 purposes of the Act.

The Exchange has requested that the Commission accelerate the operative date. The Commission finds that it is appropriate to designate the proposal to become operative today because such designation is consistent with the protection of investors and the public interest. Acceleration of the operative date will allow the CHX to operate its E-Session without interruption through October 1, 2000, and to continue providing investors who wish to trade after-hours with the option of trading on a registered securities exchange. For these reasons, the Commission good cause to designate that the proposal become operative today.¹⁴

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, N.W., Washington, D.C. 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 CHX. All submissions should refer to file number SR-CHX-00-02 and should be submitted by March 27, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁵

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42473; File No. SR-ISE-00-02]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the International Securities Exchange LLC Relating to its Fee Schedule

February 29, 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 February 25, 2000, the International Securities Exchange LLC (the "Exchange" or the "ISE") filed with the Securities and Exchange Commission ("SEC" or "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.³

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

The ISE proposes to adopt fees to be imposed on members of the Exchange.

¹⁵ 17 CFR 200.30b-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Commission notes that proposed rule changes relating to fees usually are filed pursuant to Section 19(b)(3)(A) and subparagraph (f) of Rule 19b-4 thereunder. Because the ISE is a new exchange, however, the Commission has determined that publishing the proposed rule change for notice and comment is appropriate.

¹¹ 15 U.S.C. 78f(b)(5).

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(6).

¹⁴ In reviewing this rule, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

The text of the proposal is attached as Exhibit A.

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 ISE 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 ISE 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

ISE proposes to establish its fee schedule for the services it will offer to its members and others. This schedule includes membership fees, trading fees, and fees for a variety of other services, including the installation and maintenance of certain equipment. With these fees, ISE intends to recover its costs of operating a trading market and building a reserve for future needs. ISE does not intend to use these fees to generate an operating profit to distribute to its members. As the ISE gains experience in the operation of its market, it will adjust its fees to maintain the appropriate balance between costs and expenses.

2. Statutory Basis

The ISE believes that the proposed rule change is consistent with the provisions of Section 6(b)(4) of the Act,⁴ which requires that an exchange have rules that provide for the equitable allocation of reasonable dues, fees and other charges among its members and other persons using its facilities.

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

The ISE does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments on the proposed rule change were neither solicited nor received.

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

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the ISE consents, the Commission will:

(A) By order approve the proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

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, N.W., Washington, D.C. 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 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 ISE. All submissions should refer to File No. SR-ISE-00-02 and should be submitted by March 27, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

Jonathan G. Katz,
Secretary.

EXHIBIT A.—TEXT OF THE PROPOSED RULE CHANGE

ISE Schedule of fees	Amount	Billable unit	Frequency	Notes
Electronic Market Place:				
Execution Fees:				
• Customer	\$0.05	contract/side	Transaction	Fee waived for 6 months.
• Facilitation	0.15	contract/side	Transaction.	
• Market Maker & Firm Proprietary:				
A.D.V. Less than 300,000.	0.21	contract/side	Transaction	Based on Exchange A.D.V.
A.D.V. Less than 300,001 to 500,000.	0.17	contract/side	Transaction	Based on Exchange A.D.V.
A.D.V. Less than 500,001 to 700,000.	\$0.14	contract/side	Transaction	Based on Exchange A.D.V.
A.D.V. Over 700,000.	\$0.12	contract/side	Transaction	Based on Exchange A.D.V.
Comparison Fee	0.03	contract/side	Transaction	Fee waived for Customer Trades for 6 months.
Trading Application Software:				
Installation:				
• Non-standard Services.	350.00	Hourly	One Time	Time & Material.

⁴ 15 U.S.C. 78f(b)(4).

⁵ 17 CFR 200.30-3(a)(12).

EXHIBIT A.—TEXT OF THE PROPOSED RULE CHANGE

ISE Schedule of fees	Amount	Billable unit	Frequency	Notes
Software License & Maintenance:				
• Torque:				
First	1250.00	Terminal	Monthly.	
Second through Fourth.	\$750.00	Terminal	Monthly.	
Fifth and Over ...	250.00	Terminal	Monthly.	
• Click	500.00	Terminal	Monthly.	
Session/API Fee:.				
• Market Makers	1,000.00	API	Monthly	Minimum of Two.
• EAM	250.00	API	Monthly.	
• Ordering Routing Service Connection Fee.	250.00	API	Monthly.	
Access Services				
Access Fees:				
• EAM	500.00	Member Firm	Monthly..	
• Market Maker.				
• Primary	4,000.00	Member Firm	Monthly.	
• Competitive	2,000.00	Member Firm	Monthly.	
Network Fees:.				
• Dedicated Line connection.	250.00	Line	Monthly.	
• Order Routing Service.	100.00	Line	Monthly.	
Gateway:.				
• Installation	5,000.00	Gateway	One Time.	
Legal & Regulatory:				
Application:				
• Primary Market Maker.	7,500.00	Member Firm	One Time.	
• Competitive Market Maker.	5,500.00	Member Firm	One Time.	
• Electronic Access Member.	3,500.00	Member Firm	One Time.	
• Lessor	1,000.00	Applicant	One Time.	
Administrative:				
• DTR Approval	500.00	Trader	One Time.	
• U4 Initial Registration.	25.00	Registered Person	One Time.	
• Pg 2—U4 for Non-Registered Persons.	100.00	Individual	One Time.	
Regulatory Fee:	3,500.00	Member Firm	Annual.	
Other Services:				
Training	500.00	Daily per Trainee	As Incurred.	
Testing	100.00	Per candidate	Per Exam.	
Third Party Developers:				
• Set-Up	1,000.00	Developer	One Time.	
• Usage	1,000.00	Monthly	Monthly.	
Disaster Recovery Testing & Relocation Services.	3,000.00	½ Day	As Incurred.	

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42475; File No. SR-ISE-00-04]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the International Securities Exchange LLC Relating to the Exposure of Orders on the Exchange

February 29, 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 February 25, 2000, the International Securities Exchange LLC (the “Exchange” or the “ISE”) filed with the Securities and Exchange Commission (“SEC” or “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

¹ 15 U.S.C. 78s(b)(1).² 17 CFR 240.19b-4.