

Index Fund Shares, including iShares, as eligible for this treatment.¹²

Amex Rule 190

Amex Rule 190, Commentary .04 applies to Index Fund Shares listed on the Exchange, including iShares. Commentary .04 states that nothing in Amex Rule 190(a) should be construed to restrict a specialist registered in a security issued by an investment company from purchasing and redeeming the listed security, or securities that can be subdivided or converted into the listed security, from the issuer as appropriate to facilitate the maintenance of a fair and orderly market.

h. Prospectus Delivery

The Exchange, in an Information Circular to Exchange members and member organizations, will inform members and member organizations, prior to commencement of trading, that investors purchasing iShares will be required to receive a Fund prospectus prior to or concurrently with the confirmation of a transaction therein.

i. Trading Halts

In addition to other factors that may be relevant, the Exchange may consider factors such as those set forth in Amex Rule 918C(b) in exercising its discretion to halt or suspend trading in Index Fund Shares, including iShares. These factors would include, but are not limited to: (1) the extent to which trading is not occurring in stocks underlying the index; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.¹³ In addition, trading in iShares will be halted if the circuit breaker parameters under Amex Rule 117 have been reached.

j. Suitability

Prior to commencement of trading, the Exchange will issue an Information Circular informing members and member organizations of the characteristics of the specific fund and of applicable Exchange rules, as well as of the requirements of Amex Rule 411 (Duty to Know and Approve Customers).

k. Purchases and Redemptions in Creation Unit Size

In the Information Circular referenced above, members and member

organizations will be informed that procedures for purchases and redemptions of iShares in Creation Unit Size are described in the Fund prospectus and Statement of Additional Information, and that iShares are not individually redeemable but are redeemable only in Creation Unit Size aggregations or multiples thereof.

l. Surveillance

Exchange surveillance procedures applicable to trading in the proposed iShares MSCI Index Funds are the same as those applicable to iShares currently trading on the Exchange.

(2) Statutory Basis

The Amex believes that the proposed rule change is consistent with Section 6(b) of the Act,¹⁴ in general, and furthers the objectives of Section 6(b)(5),¹⁵ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transaction in securities, and, in general to protect investors and the public interest.

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

The proposed rule change will impose no burden on competition.

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

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

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 self-regulatory organization consents, the Commission will:

(A) by order approve such 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. In particular, the Commission requests comments on the market capitalization of the proposed iShares MSCI Index Funds. 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 Amex. All submissions should refer to File No. Amex-00-29 and should be submitted by September 7, 2000.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁶

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 00-20886 Filed 8-16-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43146; File No. SR-Amex-00-31]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the American Stock Exchange LLC Amending the Alternative Listing Criteria of Section 101(b) of the Amex Company Guide

August 10, 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 May 30, 2000, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and

¹⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

¹² See Securities Exchange Act Release No. 29063 note 9 (April 10, 1991), 56 FR 15652 (April 17, 1991) (order approving File No. SR-Amex-90-31 regarding Exchange designation of equity derivative securities as eligible for treatment under Amex Rule 154, Commentary .04(c)).

¹³ See Amex Rule 918C.

¹⁴ 15 U.S.C. 78f(b).

¹⁵ 15 U.S.C. 78f(b)(5).

III below, which Items have been prepared by the Amex. 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 Amex proposes to amend the alternative listing criteria of Section 101(b) of the *Amex Company Guide*, to change the operating history criterion from three years to two years. The text of the proposed rule change is as follows. Deletions are in brackets; additions are in italics.

Criteria for Original Listing (§§ 101–118) Sec. 101

* * * * *

(b) Alternate Listing Criteria

* * * * *

Numerical Criteria:

- (1) History of Operations—[Three] Two years of operations.
- (2) Size—Stockholders' equity of at least \$4,000,000.
- (3) Distribution—See Section 102(a).
- (4) Aggregate Market Value of Publicly Held Shares—\$15,000,000.

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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 Amex 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 Amex 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

Section 101 of the *Amex Company Guide* sets forth numerical guidelines applied by the Exchange in considering the eligibility of issuers to list on the Exchange. Section 101(b) provides alternate listing criteria that the Exchange may apply in place of the regular listing criteria of Section 101(a). The alternate criteria currently include a three-year history of operations, stockholders' equity of at least \$4 million, the distribution criteria of Section 102(a) of the *Amex Company Guide* (which includes, among other

criteria, a minimum of 800 public shareholders together with a minimum public distribution of 500,000 shares, or a minimum of 400 public shareholders together with a minimum public distribution of 1,000,000 shares), and a \$15 million aggregate market value of publicly held shares. The Exchange proposes to reduce the operating history timeframe in Section 101(b) from three to two years.

Section 101 provides that the Exchange will consider the numerical guidelines in Sections 101(a) and (b) in evaluating a company's business, the market for its products, the reputation of its management, its historical record and pattern of growth, financial integrity, demonstrated earning power and future outlook. Certain relatively new companies, particularly in high growth industries such as technology, biotechnology, and the Internet, may be attractive candidates for Exchange listing and trading when assessed under the provisions of Section 101 and the alternate criteria of Section 101(b) but may lack a three-year operating history. The Exchange believes a reduced minimum timeframe will provide the Exchange with greater flexibility in considering companies for listing, particularly in high growth industries where it is possible for a company to demonstrate promising and attractive prospects over a relatively short time period. The Exchange notes that Nasdaq Rule 4420(b) provides a two-year operating history standard for issuers that can be designated for the Nasdaq National Market.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)(5)³ of the Act, which requires, among other things, the Exchange's rules to be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

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

The Exchange 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

The Exchange did not solicit or receive written comments on the proposed rule change.

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 Exchange consents, the Commission will:

(A) By order approve such 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, 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 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 the filing will also be available for inspection and copying at the principal office of the Amex. All submissions should refer to the File No. SR-Amex-00-31 and should be submitted by September 7, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁴

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 00-20954 Filed 8-16-00; 8:45 am]

BILLING CODE 8010-01-M

³ 15 U.S.C. 78f(b)(5).

⁴ 17 CFR 200.30-3(a)(12).