

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 Exchange. All submissions should refer to File No. SR-AMEX-00-54 and should be submitted by November 2, 2000.

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. 34-43394; File No. SR-BSE-00-13]

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Boston Stock Exchange, Inc. Relating to Electronic Trading Permits for BEACON Remote Units

September 29, 2000.

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> notice is hereby given that on September 21, 2000, the Boston Stock Exchange, Inc. ("Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which items have been prepared by the Exchange. 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 seeks to add a paragraph to its rules regarding

BEACON Remote specialists relating to Electronic Trading Permits ("ETP") which will provide remote access to the BEACON trading system from remote locations using authorized terminals and related equipment. The text of the proposed rule change follows.

#### Chapter XXXIII

Boston Exchange Automated Communication Order-routing Network (BEACON)

BEACON Remote

Sec. 9. \* \* \*

Electronic Trading Permits ("ETP")

(o) Each remote BEACON terminal assigned and registered by the Exchange will require an ETP, and will be subject to the following:

(1) Each approved Specialist unit may be authorized to trade up to 200 issues.

(2) Each Specialist unit must have at least one registered Exchange seat assigned to the approved specialist.

a. A specialist may be authorized to obtain additional ETP's for qualified registered clerks to access BEACON in support of the Specialist unit.

b. All specialists and registered clerk ETP holders must be approved by the Market Performance Committee and must meet the following:

i. file an ETP application form with the BSE Surveillance Department;

ii. completion of the required floor training program\*;

iii. successful completion of the BSE floor examination with 90 days of application (unless waived by the Exchange);

iv. successful completion of the Series 63 (NASAA Uniform State Law Exam), and registration with the Commonwealth of Massachusetts, and;

v. submission of fingerprint records to the BSE.

(3) Each Specialist unit identified by the member firm will be assigned an account ("give up") and will be evaluated under the Exchange's Specialist Performance Evaluation Program ("SPEP") which currently measures performance in several separate categories comprising a relative overall performance ranking.

\* Training: On-site floor training for at least two weeks unless other arrangements are made with and approved by the Exchange, and will include, among other things:

(1) Questioned trade procedures  
(2) Communication procedures with Floor Brokers, Front Desk Operations, Surveillance, Systems Support, and ITS coordination with the Floor.  
(3) Competing Specialist Initiative ("CSI") and Unlisted Trading Privilege ("UTP") applications and procedures

(4) Stock allocation procedures  
(5) Book or symbol change procedures  
(6) Trading Halt procedures  
(7) Floor official rulings  
(8) Authorizations required for billing, withdrawals, and payment of fines where applicable  
(9) Minor Rule Plan Violations policies and application  
(10) Books and records/reports available  
(11) Explanation of the SPEP categories and procedures  
(12) Certain other rules and policies deemed appropriate by the Exchange (e.g. Limit Order Display Rule, auto-executions, Price Improvement, etc.)

#### 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 Exchange 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 III below. The Exchange has prepared summaries, set forth in Section 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 proposes to add paragraph (o) to Chapter XXXIII, Section 9, BEACON Remote, to require and establish guidelines for Electronic Trading Permits ("ETP") for remote specialist operations. Each BEACON Remote terminal will be individually identified and associated with (an) authorized and qualified specialist(s) and/or registered clerk(s). The Exchange will specifically authorize and approve each ETP based on certain qualifications. Each ETP will provide remote access to the BEACON system from remote locations using authorized terminals and related equipment.

The Exchange states that remote specialists and associated registered clerks with ETP's, like current BSE floor specialist units, will receive orders, commitments over the Intermarket Trading system ("ITS") and administrative messages through the BEACON system. The existing Exchange systems and rules will support remote specialists as they currently support the physical trading floor. All executions occurring within BEACON, whether

<sup>10</sup> 17 CFR 200.30-3(a)(12).

<sup>11</sup> 15 U.S.C. 78s(b)(1).

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

conducted on the floor or electronically from remote locations, will be considered to be executions occurring on the Exchange.

## 2. Statutory Basis

The statutory basis for the proposed rule change is Section 6(b)(5) of the Act,<sup>3</sup> in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating securities transactions, to remove impediments, 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. In addition, the Exchange believes that the proposed rule change is consistent with the provisions of Section 11A(a)(1)(B) of the Act,<sup>4</sup> in that it pertains to new data processing and communications techniques which create the opportunity for more efficient and effective market operations.

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

The Exchange does not believe that the proposed rule change will impose 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*

No written comments were either solicited or 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 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:

- (1) by order approve such proposed rule change, or
- (2) 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. 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 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 above-mentioned self-regulatory organization. All submissions should refer to file number SR-BSE-00-13 and should be submitted by November 2, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43395; File No. SR-CBOE-00-46]

### **Self-Regulatory Organizations; Notice of Filing and Order Granting Partial Accelerated Approval of Proposed Rule Change and Amendment No. 1 thereto by the Chicago Board Options Exchange, Inc. Relating to its Rapid Opening System Pilot Program**

September 29, 2000.

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> notice is hereby given that on September 7, 2000, the Chicago Board Options Exchange ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. On September 27, 2000, the Exchange submitted Amendment No. 1 to the proposed rule change.<sup>3</sup> The Commission

<sup>5</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.

<sup>3</sup> In Amendment No. 1, CBOE acknowledged that prior to permanent approval of the proposed rule change, the Exchange is required to submit to the Commission a workable plan for electronic incorporation of non-bookable orders on the Exchange's Rapid Opening System ("ROS"), and a

is publishing this notice and order to solicit comments on the proposed rule change from interested persons and to grant partial accelerated approval to the portion of the proposal extending the Exchange's ROS pilot program ("Pilot") until the earlier of September 30, 2001 or such time as the Commission has approved ROS on a permanent basis.

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

The Exchange proposes to adopt ROS on a permanent basis, as well as extend the Pilot until the earlier of September 30, 2001 or such time as the Commission has approved ROS on a permanent basis.<sup>4</sup> The text of the proposed rule change is available at the Exchange and the Commission.

### **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 Exchange 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 Exchange 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

On February 9, 1999, the Commission approved the implementation of the Pilot.<sup>5</sup> The Pilot was extended once and is scheduled to expire on September 30, 2000.<sup>6</sup> ROS is a system developed by the Exchange to open an entire options class, all series, as a single event, based on a single underlying value.

description of the methods the Exchange will employ to surveil market-maker activities on ROS. The Exchange also clarified that the current ROS pilot program would be extended until the earlier of September 30, 2001 or such time as the Commission has approved ROS on a permanent basis. Letter from Jaime Galvan, Attorney, CBOE, to Terri Evans, Special Counsel, Division of Market Regulation ("Division"), Commission, dated September 26, 2000 ("Amendment No. 1").

<sup>4</sup> See Amendment No. 1 effectively clarifying that the Pilot will not be further extended beyond September 30, 2001 without separate Commission approval.

<sup>5</sup> Securities Exchange Act Release No. 41033 (February 9, 1999), 64 FR 8156 (February 18, 1999).

<sup>6</sup> Securities Exchange Act Release No. 42596 (March 30, 2000), 65 FR 18397 (April 7, 2000).

<sup>3</sup> 15 U.S.C. 78f(b)(5).

<sup>4</sup> 15 U.S.C. 78k(a)(1)(B).