

II. Description of the Merger

As stated above, the Merger Agreement provides for Eastern to be merged with and into ACJ with Eastern being the surviving entity. Eastern will then become a wholly owned direct subsidiary of KeySpan and KeySpan will register as a holding company under the Act. On April 26, 2000, Eastern's Shareholders approved the Merger.

Under the Merger Agreement, the common shareholders of Eastern will have the right to receive \$64.00 in cash, without interest, for each share of Eastern common stock, other than shares with respect to which dissenters' appraisal rights have been perfected. Eastern shareholders will receive an additional \$0.006 per share ("Additional Amount") for each day the Merger has not closed after the later of (a) August 4, 2000; or (b) ninety days after the NHPUC gives final regulatory approval to the Eastern/ENI Merger.⁴⁶ However, the aggregate Additional Amount will be reduced by the aggregate amount of any per share increase in any dividend actually paid that is attributable to any period in which the Additional Amount accrues.

KeySpan expects to finance the acquisition price initially through the issuance of commercial paper under an expanded KeySpan commercial paper program backed by a combination of short-term and long-term credit facilities. After closing on the Merger, KeySpan anticipates replacing a significant portion of the commercial paper program, as well as some or all of the initial short-term acquisition financing, with proceeds from the issuance of debt and/or convertible securities. KeySpan will account for the Merger under the "purchase method" of accounting, and estimates that the acquisition premium will be \$1,080,359,760, which will be amortized over a 40-year period.

For the Commission by the Division of Investment Management, pursuant to delegated authority.

Jonathan G. Katz,

Secretary.

[FR Doc. 00-18624 Filed 7-21-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[File No. 500-1]

Save The World Air, Inc.; Order of Suspension of Trading

July 20, 2000.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Save The World Air, Inc. ("STW Air") because of questions regarding the accuracy of statements made by STW Air to the public in press releases and on its internet website concerning, among other things, the results of demonstration tests of STW Air's "Zero Emission Fuel Saver" device and STW Air's purported relationship with the Ford Motor Company.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above listed company.

Therefore, it is ordered, pursuant to Section 12(k) of the Securities Exchange Act of 1934, that trading in the above listed company is suspended for the period from 9:30 a.m. (EDT), on Thursday, July 20, 2000 through 11:59 p.m. (EDT), on Wednesday, August 2, 2000.

By the Commission.

Jonathan G. Katz,

Secretary.

[FR Doc. 00-18726 Filed 7-20-00; 11:48 pm]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43042; File No. SR-CSE-00-03]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Cincinnati Stock Exchange, Incorporated to Provide for the Listing and Trading of Certain Trust Issued Receipts

July 17, 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 Cincinnati Stock Exchange, Incorporated ("CSE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described

in Items I and II 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 and to grant accelerated approval of the proposed rule change.

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

The CSE proposes to amend its rules to adopt listing standards for trust issued receipts. Upon approval of the listing standards, the Exchange intends to trade two series of trust issued receipts—Internet Holding Company Depository Receipts ("Internet HOLDRs") and Biotechnology Holding Company Depository Receipts ("Biotech HOLDRs")—pursuant to unlisted trading privileges ("UTP"). The text of the proposed rule change is available at the principal office of the CSE and at 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 CSE 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 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

The CSE proposes, in a new Rule 11.9, to adopt listing standards that would allow the Exchange to trade, whether by listing or pursuant to UTP, trust issued receipts based on one or more securities.

i. *Trust Issued Receipts:* Trust issued receipts are negotiable receipts that are issued by a trust in which securities of issuers are deposited and held on behalf of the holders of the trust issued receipts. Trust issued receipts are designed to allow investors to hold interests in a variety of companies in a particular industry through a single, exchange-listed and -traded instrument that represents beneficial ownership in the deposited securities. Holders may cancel their trust issued receipts at any time to receive their *pro rata* share of the underlying securities.

⁴⁶ The NHPUC issued an order on May 8, 2000 approving the Eastern/ENI Merger. Therefore, the alternate date on which payment of the Additional Amount is to begin will be August 6, 2000.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Beneficial owners of the receipts have the same rights, privileges, and obligations as they would if they beneficially owned the underlying securities outside the trust issued receipt program. Holders of the receipts have the right to instruct the trustee to vote their *pro rata* share of the underlying securities evidenced by the receipts. They will receive reports, proxy solicitations, and other information distributed by the issuers of the deposited securities to their security holders, and will receive their *pro rata* share of the dividends and other distributions declared and paid by the issuers to the trustee.

Trust issued receipts will be issued by a trust created pursuant to a depositary trust agreement. After the initial offering, the trust may issue additional receipts on a continuous basis when an investor deposits the requisite securities in the trust. An investor in the trust issued receipts will be permitted to withdraw the underlying securities upon delivery to the trustee of one or more round lots of 100 trust issued receipts. Conversely, an investor may deposit the necessary securities and receive trust issued receipts in return.

ii. *Criteria for Initial and Continued Listing:* If trust issued receipts are to be listed on the Exchange, the CSE will establish a minimum number of receipts that must be outstanding at the time trading commences on the Exchange. In connection with continued listing, the CSE will consider the suspension of trading in, or removal from listing of, a series of trust issued receipts when any of the following circumstances arise: (1) The issuing trust has more than 60 days remaining until termination and there have been fewer than 50 record and/or beneficial holders of the trust issued receipts for 30 or more consecutive trading days; (2) the trust has fewer than 50,000 receipts issued and outstanding; (3) the market value of all receipts issued and outstanding is less than \$1 million; or (4) such other event occurs or conditions exists which, in the opinion of the CSE, makes further dealings on the Exchange inadvisable. These flexible criteria will allow the CSE to avoid delisting trust issued receipts (and possibly terminating the trust) due to relatively brief fluctuations in market conditions that may cause the number of holders to vary. However, these delisting criteria will not be applied for the initial 12-month period following formation of a trust and commencement of trading on the Exchange.

In addition, if the number of companies represented by the deposited securities drops to fewer than nine, and

each time the number of companies is reduced thereafter, the Exchange will consult with the staff of the Division of Market Regulation to confirm the appropriateness of the continued listing of the trust issued receipts.

The Exchange believes that the proposed criteria are similar to the trust issued receipt listing criteria currently used by the American Stock Exchange ("Amex"), Chicago Stock Exchange ("CHX"), and Boston Stock Exchange ("BSE").³

iii. *Exchange Rules Applicable to the Trading of Trust Issued Receipts:* Trust issued receipts are considered "securities" under the Exchange's Rules and are subject to all applicable trading rules, including the provisions of CSE Rule 14.9 (ITS Trade-Through and Locked Markets) which prohibits Exchange members from initiating trade-throughs for ITS securities. The trust issued receipts are also subject to margin rules; rules governing priority, parity, and precedence of orders; operational and regulatory trading halt provisions; and responsibilities of Designated Dealers.⁴

Trust issued receipts are currently traded on the Amex, CHX, and BSE at minimum variations of one-sixteenth of \$1.00 for trust issued receipts trading at or above \$0.25, and one-thirty-second of \$1.00 for those trading below \$0.25. The Exchange is proposing the same minimum fractional increments for the trading in trust issued receipts until decimalization is inaugurated.

The CSE's surveillance procedure for trust issued receipts will be similar to the procedures used for portfolio depositary receipts and will incorporate and rely upon existing Exchange surveillance systems.

Prior to commencement of trading in trust issued receipts, the CSE will issue a circular to members highlighting the characteristics of trust issued receipts, including that trust issued receipts are not individually redeemable. In addition, the circular will inform members about trading halts in such securities issued pursuant to CSE Rule 12.11, which grants authority to the Chairman of the Board of Trustees or the President of the Exchange to suspend trading any and all securities whenever, in their determination, it is in the public

interest to do so. In addition, the circular will advise that, along with other factors that may be relevant, the CSE may consider the extent to which trading is not occurring in one or more of the underlying securities and whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.

iv. *Disclosure to Customers:* The CSE will require its member to provide all purchasers of newly issued trust issued receipts with a prospectus for that series of trust issued receipts.

v. *Creation of Internet and Biotech HOLDERS:* The Internet HOLDERS ("HHH") are issued by the Internet HOLDERS trust which was created pursuant to a depositary trust agreement dated September 2, 1999, among the Bank of New York, as trustee; Merrill Lynch, Pierce, Fenner & Smith Incorporated; other depositors; and the owners of the Internet HOLDERS. The Internet HOLDERS trust will hold shares of common stock issued by 20 specified companies in Internet-related industries. The 20 companies represented by the securities in the portfolio underlying the Internet HOLDERS trust⁵ met the following minimum criteria when they were selected on August 31, 1999: (1) The market capitalization for each company was equal to or greater than \$1 billion; (2) the average daily trading volume for each security was a least 1.2 million shares over the 60 trading days prior to August 31, 1999; (3) the average daily dollar volume of the shares traded for each company during the 60-day trading period prior to August 31, 1999, was at least \$60 million; and (4) each company was traded on a national securities exchange or Nasdaq for at least 90 days prior to August 31, 1999.

The Biotech HOLDERS trust was formed under a depositary trust agreement, dated November 8, 1999, among the Bank of New York, as trustee; Merrill Lynch, Pierce, Fenner & Smith Incorporated; other depositors; and the owners of the trust issued receipts. The Biotech HOLDERS trust will hold shares of common stock issued by 20 specified

⁵ As of September 22, 1999, the deposited securities underlying Internet HOLDERS were: American Online, Inc. (AOL); Yahoo! Inc. (YHOO); Amazon.com, Inc. (AMZN); eBay Inc. (EBAY); At Home Corporation (ATHM); priceline.com Incorporated (PCLN); CMGI Inc. (CMGI); Inktomi Corporation (INKT); RealNetworks, Inc. (RNWK); Exodus Communications, Inc. (EXDS); E*TRADE Group Inc. (EGRP); DoubleClick Inc. (DCLK); Ameritrade Holding Corporation (AMTD); Lycos, Inc. (LCOS); CNET, Inc. (CNET); PSINet Inc. (PSIX); Networks Associates, Inc. (NETA); Earthlink, Inc. (ELNK); MindSpring Enterprises, Inc. (MSPG); and Go2Net, Inc. (GNET).

³ See *infra* note 14.

⁴ However, the Exchange's rules relating to odd lot executions will not apply, because the trust issued receipts will be traded only in round lots or round lot multiples. Additionally, the Exchange understands that the Commission has provided an exemption from the short sale rule, Rule 10a-1 under the Act (17 CFR 240.10a-1), for transactions in securities issued under the HOLDERS program. The CSE will issue a notice to its members detailing the terms of the exemption.

companies that are generally considered to be representative of the biotechnology industry.

Each of the companies represented by the securities in the portfolio underlying the Biotech HOLDRs trust⁶ met the following minimum criteria: (1) The market capitalization for each company was equal to or greater than \$840 million; (2) the average daily trading volume for each security was at least 200,000 shares over the 60 trading days prior to and including October 27, 1999; (3) the average daily dollar value of the shares traded for each company during the 60-day trading period prior to and including October 27, 1999, was at least \$7.5 million; (4) each company was traded on a national securities exchange or Nasdaq for at least 90 days prior to October 27, 1999.

The companies represented by the securities in the portfolio underlying the two HOLDRs trusts were required to meet the following minimum criteria when they were selected: (1) Each company's common stock was registered under section 12 of the Act,⁷ (2) the minimum public float of each company included in the portfolio was at least \$150 million; (3) each security was either listed on a national securities exchange or on Nasdaq and was a reported national market system security; (4) the average daily trading volume for each security was at least 100,000 shares during the preceding 60-day trading period; and (5) the average daily dollar value of the shares traded during the preceding 60-day trading period was at least \$1 million. The initial weighting of each security in the portfolio was based on its market capitalization; however, if a security represented more than 20 percent of the overall value of the receipt on the date such weighting was determined, then the amount of such security was to be reduced to no more than 20 percent of the receipt value.

vi. *Trading Issues:* A round lot of any of the above trust issued receipts represents a holder's individual and undivided beneficial ownership interest in the whole number of securities

represented by the receipt. The amount of deposited securities for each round lot of 100 trust issued receipts will be determined at the beginning of the marketing period and will be disclosed in the prospectus to investors. Trust issued receipts may be acquired, held, or transferred only in round lots of 100 receipts or in round lot multiples. Orders for less than a round lot will be rejected, while orders for greater than a round lot, but not a round lot multiple, will be executed to the extent of the largest round lot multiple, rejecting the remaining odd lots.⁸

The CSE believes that trust issued receipts will not trade at a material discount or premium to the assets held by the issuing trust, because the arbitrage process should promote correlative pricing between the trust issued receipts and the deposited securities. If the price of the trust issued receipt deviates enough from the value of the portfolio of deposited securities to create a material discount or premium, an arbitrage opportunity would be created allowing the arbitrageur either (1) to buy the trust issued receipts at a discount, exchanging them for shares of the underlying securities, and selling those shares at a profit; or (2) to sell the trust issued receipts short at a premium, buying the securities underlying the trust issued receipts, depositing them in exchange for the trust issued receipts, and delivering against the short position. In both instances, the arbitrageur locks in a profit and the markets move back into line.

vii. *Maintenance of the HOLDRs Portfolios:* Except when a reconstitution event occurs, as described below, the securities represented by a trust issued receipt will not change. According to the prospectuses of the HOLDRs products, under no circumstances will a new company be added to the group of issues of the underlying securities, and weightings of component securities will not be adjusted after they are initially set.⁹

viii. *Reconstitution Events:* As described in the prospectuses, the securities underlying the trust issued receipts will be automatically distributed to the beneficial owners of the receipts in four circumstances:

1. If the issuer of the underlying securities no longer has a class of common stock registered under Section 12 of the Act,¹⁰ then its securities will no longer be an underlying security and the trustee will distribute the securities of that company to the owners of the trust issued receipts;

2. If the Commission finds that an issuer of underlying securities should be registered as an investment company under the Investment Company Act of 1940, and the trustee has actual knowledge of the Commission's finding, then the trustee will distribute the shares of that company to the owners of the trust issued receipts;

3. If the underlying securities of an issuer cease to be outstanding as a result of a merger, consolidation, or other corporate combination, the trustee will distribute the consideration paid by and received from the acquiring company to the beneficial owners of the trust issued receipts, unless the acquiring company's securities are already included in the trust issued receipt as deposited securities, in which case such additional securities will be deposited into the trust; or

4. If an issuer's underlying securities are delisted from trading on a national securities exchange or Nasdaq and are not listed for trading on another national securities exchange or Nasdaq within five business days of the date the securities are delisted.

Also as described in the prospectuses, if a reconstitution event occurs, the trustee will deliver the underlying security to the investor as promptly as practicable after the date the trustee has knowledge of the occurrence of a reconstitution event.

ix. *Issuance and Cancellation of HOLDRs:* The trust will issue and cancel—and an investor may obtain, hold, trade, or surrender—HOLDRs only in round lots of 100 or in round lot multiples. While investors will be able to acquire, hold, transfer, and surrender only round lots, the bid and asked prices will be quoted on a per-receipt basis. The trust will issue additional receipts on a continuous basis when an investor deposits the required securities with the trust.

An investor may obtain trust issued receipts either by purchasing them on an exchange or by delivering to the trustee the underlying securities equivalent to a round lot. The trustee will charge an issuance and a cancellation fee of up to \$10.00 per 100 trust issued receipts. Lower charges may be assigned for bulk issuance and cancellations. An investor may cancel trust issued receipts and withdraw the deposited securities by delivering a round lot or round lot multiple of the trust issued receipts to the trustee during normal business hours. According to the prospectuses, the trustee expects that, in most cases, it

⁶ The deposited securities underlying the Biotech HOLDRs are: Amgen Inc. (AMGN); Genentech, Inc. (DNA); Biogen, Inc. (BGEN); Immunex Corporation (IMNX); PE Corp.—PE Biosystems Group (PEB); MedImmune, Inc. (MEDI); Chiron Corporation (CHIR); Genzyme Corporation (GENZ); Gilead Sciences Inc. (GILD); Speracor Inc. (SEPR); IDEC Pharmaceuticals Corporation (IDPH); QLT Photo Therapeutics Inc. (QLTI); Millennium Pharmaceuticals, Inc. (MLNM); Biochem Pharma Inc. (BCHE); Affymetrix, Inc. (AFFX); Human Genome Sciences, Inc. (HGS); ICOS Corporation (ICOS); Enzon, Inc. (ENZ); Celera Genomics (CRA); and Alkermes, Inc. (ALKS).

⁷ 15 U.S.C. 78l.

⁸ For example, an order for 50 trust issued receipts would be rejected, while an order for 1050 trust issued receipts would be executed in part (1000 receipts) and rejected in part (50 receipts).

⁹ However, the number of shares of each security represented in a receipt may change due to certain corporate events such as stock splits or reverse stock splits on the deposited securities, and the relative weightings among the deposited securities may change based on the current market price of the deposited securities.

¹⁰ 15 U.S.C. 78l.

will deliver the deposited securities within one business day of the withdrawal request.

x. *Termination of the Trusts:* The trusts shall terminate upon the earliest of: (1) The removal of the receipts from Amex listing if they are not listed for trading on another national securities exchange or Nasdaq within five business days from the date the receipts are delisted; (2) the trustee resigns and no successor trustee is appointed within 60 days from the date the trustee provides notice to the initial depositor of its intent to resign; (3) 75 percent of the beneficial owners of outstanding trust issued receipts (other than Merrill Lynch, Pierce, Fenner & Smith Incorporated) vote to dissolve and liquidate the trust; or (4) December 31, 2039. If a termination event occurs, the trustee will distribute the underlying securities to the beneficial owners as promptly as practicable after the termination event.

2. Statutory Basis

The CSE believes that the proposed rule change is consistent with Section 6(b) of the Act¹¹ in general, and furthers the objectives of Sections 6(b)(5)¹² in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and 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 on Burden on Competition

The CSE does not believe that the proposed rule would impose any inappropriate 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 in connection with the proposed rule change.

III. 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 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-CSE-00-03 and should be submitted by August 14, 2000.

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

A. Generally

The Commission finds that the proposed rule change is consistent with the requirements of section 6(b)(5) of the Act¹³ and the rules and regulations thereunder applicable to a national securities exchange. Specifically, the Commission finds, as it did in previous orders approving the listing and trading of trust issued receipts generally, and Internet HOLDRs and Biotech HOLDRs specifically, that the CSE's proposal to list and trade Biotech and Internet HOLDRs will provide investors with a convenient and less expensive way of participating in the securities markets.¹⁴ The proposal should advance the public interest by allowing investors to purchase and sell throughout the business day a single security replicating the performance of a broad portfolio of biotechnology or Internet stocks, thus providing investors with increased flexibility in satisfying their investment needs. Accordingly, the Commission finds that the proposal will facilitate transactions in securities, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in

general, protect investors and the public interest. Moreover, the proposal is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.¹⁵

Although trust issued receipts are not leveraged instruments and, therefore, do not possess any of the attributes of stock index options, their prices will be derived and based upon the securities held in their respective trusts. Accordingly, the level of risk involved in the purchase or sale of trust issued receipts is similar to the risk involved in the purchase or sale of traditional common stock, with the exception that the pricing mechanism for trust issued receipts is based on a basket of securities.¹⁶ Nevertheless, the Commission believes that the unique nature of trust issued receipts raises certain product design, disclosure, trading, and other issues.

B. Trading of Trust Issued Receipts—Listing and UTP

The Commission finds that the CSE's proposal to trade Biotech and Internet HOLDRs meets all of the specific criteria and listing standards that the Commission approved in earlier orders.¹⁷ Biotech and Internet HOLDRs are equity securities that will be subject to the full panoply of rules governing the trading of equity securities on the CSE, including, among others, rules governing margin; the priority, parity, and precedence of orders; operational and regulatory trading halts; and the responsibilities of Designated Dealers.¹⁸

Moreover, in approving this proposal, the Commission notes the CSE's representation that Biotech and Internet HOLDRs will not trade at a material discount or premium in relation to the overall value of the trusts' assets because of potential arbitrage opportunities. The CSE represents that the potential for arbitrage should keep the market price of a trust issued receipt comparable to the composite value of the deposited securities.

Finally, the CSE has developed surveillance procedures for trust issued receipts that incorporate and rely upon

¹³ 15 U.S.C. 78f(b)(5).

¹⁴ See Securities Exchange Act Release No. 42348 (January 18, 2000), 65 FR 5006 (February 2, 2000) (approving listing and trading of Biotech HOLDRs on CHX pursuant to UTP); Securities Exchange Act Release No. 42347 (January 18, 2000), 65 FR 4451 (January 27, 2000) (approving listing and trading of Internet HOLDRs on BSE pursuant to UTP); Securities Exchange Act Release No. 42159 (November 19, 1999), 64 FR 66947 (November 30, 1999) (approving listing and trading of Biotech HOLDRs on Amex); Securities Exchange Act Release No. 42056 (October 22, 1999), 64 FR 58870 (November 1, 1999) (approving listing and trading of trust issued receipts and Internet HOLDRs on CHX pursuant to UTP); and Securities Exchange Act Release No. 41892 (September 21, 1999), 64 FR 52559 (September 29, 1999) (approving listing and trading of trust issued receipts and Internet HOLDRs on Amex).

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

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

¹⁶ The Commission has concerns about continued trading of the trust issued receipts—whether listed or pursuant to UTP—if the number of component securities falls below nine, because the receipts may no longer adequately reflect a cross section of the selected industry. Accordingly, the CSE has agreed to consult the Commission concerning continued trading once the trust has fewer than nine component securities, and for each loss of a security thereafter.

¹⁷ See *supra* note 14.

¹⁸ But see *supra* note 4.

existing CSE surveillance procedures governing equities. The Commission believes that these surveillance procedures will provide adequate safeguards to prevent manipulative acts and practices and to protect investors and the public interest.

C. Disclosure and Dissemination of Information

The Commission believes that the CSE's proposal will ensure that investors have sufficient information to be adequately apprised of the terms, characteristics, and risks of trading trust issued receipts. The CSE will require its members to provide all purchasers of newly issued trust issued receipts with a prospectus for that series of trust issued receipt. The Commission also notes that, upon the initial listing of any trust issued receipts, the CSE will issue a circular to its members highlighting the characteristics of trust issued receipts, including that trust issued receipts are not individually redeemable.

D. Accelerated Approval

The CSE has requested that the Commission grant the proposed rule change accelerated effectiveness. As noted above, the Commission has approved the listing and trading of Biotech and Internet HOLDERS on other exchanges, under rules that are substantially similar to the CSE's rules. The Commission published those rules in the **Federal Register** for the full notice and comment period. No comments were received on the proposed rules, and the Commission found them consistent with the Act.¹⁹ The Commission believes that the trading of Biotech and Internet HOLDERS on the CSE raises no new regulatory issues, and that the Biotech and Internet HOLDERS to be traded on the CSE are structurally the same as the HOLDERS previously approved by the Commission for listing and trading on the other exchanges. Accordingly, the Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of the filing thereof in the **Federal Register**.²⁰

It Is Therefore Ordered, pursuant to section 19(b)(2) of the Act,²¹ that the

proposed rule change (SR-CSE-00-03), is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²²

Jonathan G. Katz,

Secretary.

[FR Doc. 00-18625 Filed 7-21-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43047; File No. SR-Phlx 00-46]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 by the Philadelphia Stock Exchange, Inc., to Allow an Exemption From the Series 7 Exam for Certain Off-Floor Traders

July 18, 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 June 27, 2000, the Philadelphia Stock Exchange, Inc. ("Phlx" 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 Exchange. On July 10, 2000, the Phlx amended the proposal.³ The Exchange filed the proposal pursuant to section 19(b)(3)(A) of the Act,⁴ and Rule 19b-4(f)(6) thereunder,⁵ which renders the proposal effective upon filing with the Commission.⁶ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The Phlx, pursuant to Rule 19b-4 of the Act, proposes to amend to the text of Phlx Rule 604 by adding paragraph (e)(iii) to reflect an exemption to the Rule's requirement that current off-floor

traders as well as future off-floor traders successfully complete the Uniform Registered Representative Examination Series 7 ("Series 7 Exam"). Currently, paragraph (e)(ii) of Phlx Rule 604 states that the requirement to successfully complete the Series 7 Exam applies to current off-floor traders as well as future off-floor traders who affiliate with members at a later date. The Exchange is proposing to exempt off-floor traders who are currently members in good standing of a national securities exchange or who have ever been a member in good standing of a national securities exchange for not less than 12 consecutive years. The text of the proposed rule is below. Proposed new language is in *italics*.

* * * * *

Rule 604. Registration and Termination of Registered Persons

(a)-(d) No change.

(e)

(i) No change.

(ii) No change.

(iii) Any off-floor trader who is currently a member in good standing of a national securities exchange or has ever been a member in good standing of a national securities exchange for not less than 12 consecutive years, shall be exempt from the examination requirements set forth in section (i) and (ii) hereof.

* * * * *

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 of its proposal and discussed any comments it received regarding the proposal. 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

The Exchange proposes to create an exemption to the Series 7 Exam requirement to those off-floor traders who are currently members in good standing of a national securities exchange or who have ever been a member in good standing of a national securities exchange for not less than 12 consecutive years. The Phlx believes

¹⁹ See *supra* note 15.

²⁰ However, the Commission notes that, notwithstanding approval of the listing standards for Biotech and Internet HOLDERS, other similarly structured products, including trust issued receipts based on other industries, will require review by the Commission prior to being traded on the Exchange. In addition, the CSE may be required to submit a rule filing prior to trading a new issue or series on the Exchange.

²¹ 15 U.S.C. 78s(b)(2).

²² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The amendment ("Amendment No. 1") made minor, technical changes to the original proposal. The filing date of the proposal, for purposes of calculating the 60-day abrogation period, is July 10, 2000, the date the Phlx filed Amendment No. 1.

⁴ 15 U.S.C. 78s(b)(3)(A).

⁵ 17 CFR 240.19b-4(f)(6).

⁶ The Phlx provided written notice to the Commission on June 5, 2000, that it intended to file this proposal. See Rule 19b-4(f)(6)(iii). 17 CFR 240.19b-4(f)(6)(iii). See also footnote 3, *supra*.