

SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon Written Request Copies Available
From: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549

Extension:

Rule 15c2-7, SEC File No. 270-420, OMB Control No. 3235-0479

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget ("OMB") a request for extension of the previously approved collection of information discussed below.

Rule 15c2-7 Identification of Quotations

Rule 15c2-7 enumerates the requirements with which brokers and dealers must comply when submitting a quotation for a security (other than a municipal security) to an inter-dealer quotation system. The purpose of Rule 15c2-7 is to ensure that an inter-dealer quotation system clearly reveals where two or more quotations in different names for a particular security represent a single quotation or where one broker-dealer appears as a correspondent. This is accomplished by requiring broker-dealers and inter-dealer quotation systems to disclose with each published quotation the information required pursuant to the rule. The rule permits users of an inter-dealer quotation system to determine the identity of dealers making an inter-dealer market for a security—a fact which may be extremely pertinent in evaluating its marketability.

It is estimated that there are 8,500 brokers and dealers. Industry personnel estimate that approximately 900 notices are filed pursuant to Rule 15c2-7 annually. Based on industry estimates that respondents complying with Rule 15c2-7 spend 30 seconds to add notice of an arrangement and 1 minute to delete notice of an arrangement, and assuming that one-half of the notices given are to add an arrangement and the other half are to delete an arrangement, the staff estimates that, on an annual basis, respondents spend a total of 11.25 hours to comply with Rule 15c2-7 (90×45 seconds=40,500 seconds/60=675 minutes/60=11.23 hours). The Commission staff estimates that the average labor cost associated with this activity is \$35 per hour. Therefore, the total labor cost of compliance for all broker-dealers respondents is

approximately \$394 (11.25 multiplied by \$35).

The retention period for the record-keeping requirement under Rule 15c2-7 is three years following the date a quotation is submitted. The record-keeping requirement under this Rule is mandatory to assist the Commission with monitoring brokers and dealers who submit quotations to an inter-dealer quotation system. This rule does not involve the collection of confidential information. Please note that an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

Written comments regarding the above information should be directed to the following persons:

- (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10202, New Executive Office Building, Washington, DC 20503; and
- (ii) Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, DC 20549.

Comments must be submitted to OMB within 30 days of this notice.

Dated: November 2, 1999.

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42094; File No. SR-Amex 99-43]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange LLC Relating to the Maximum Permissible Number of Equity and Index Option Contracts Executable Through AUTO-EX

November 3, 1999.

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 October 28, 1999, the American Stock Exchange LLC ("Amex" 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.³ 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 proposes to permit, on a case by case basis, the execution of up to fifty option contracts through AUTO-EX. The text of the proposed rule change is available at the Amex Office of the Secretary and at the Commission.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for the Proposed Rule Change

1. Purpose

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 the Statutory Basis for the Proposed Rule Change

I. Purpose

In 1985, the Exchange implemented the AUTO-EX system, which automatically executes public customer market and marketable limit orders in options at the best bid or offer displayed at the time the order is entered into the Amex Order File ("AOF"). There are, however, limitations on the number of option contracts that can be entered into or executed by these systems. AOF, which handles limit orders routed to the specialist's book as well as orders routed to AUTO-EX, was recently increased to allow for the entry of orders of up to 250 option contracts. AUTO-EX, however, is only permitted to automatically execute equity option orders of 20 contracts or less (except in emergency situations, in which case up to 50 contracts may be executed) and

³ The initial filing of SR-Amex-99-43 received by the Commission on October 21, 1999 serves as the required five day pre-filing notice set forth in Rule 19b-4(f)(6)(iii) under the Act, 17 CFR 240.19B-4(f)(6)(iii). Thus, the filing date of SR-Amex-99-43 is October 28, 1999. See Letter from Scott G. Van Hatten, Legal Counsel for Amex, dated October 27, 1999.

¹ 15 USC 78s(b)(1).

² 17 CFR 240.19b-4.

index option orders of 30 contracts or less.⁴ Therefore, market and marketable limit orders of more than 20 or 30 contracts are routed by AOF to the specialist's book.

The Exchange now proposes to allow for the automatic execution of orders of up to 50 contracts on a case-by-case basis, regardless of whether an emergency condition exists. The Exchange is seeking the flexibility to increase AUTO-EX parameters to better enable it to compete in option classes that are also traded at other exchanges that already have in place similar provisions concerning their respective automatic execution systems.⁵ The Exchange represents that its systems capacity is sufficient to accommodate the increased number of automatic executions anticipated as a result of the implementation of the proposed.

The Exchange proposes increasing AUTO-EX in permissible order size to 50 contracts on a case-by-case basis, for an individual option class or for all option classes, when two floor governors or senior floor officials deem such an increase appropriate. At all other times, the permissible order size for AUTO-EX will remain at the current levels.

AUTO-EX has been successful in enhancing execution and operational efficiencies during emergency situations and during other nonemergency situations for certain option classes. The Exchange believes automatic executions of orders for up to 50 contracts will better allow for the quick, efficient execution of public customer orders.

2. Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Act⁶ in general and furthers the objectives of Section 6(b)(5)⁷ in particular in that it is designed to

⁴ While the maximum permissible number of contracts in an index option order executable through AUTO-EX is generally 30 contracts, there are a few exceptions: the Major Market Index allows for 50 contract orders and the Institutional, Japan and S&P MidCap 400 Indexes allows contract orders.

⁵ The Pacific Exchange ("PCX") and the Chicago Board Options Exchange ("CBOE") have already received Commission approval to raise the number of options contracts handled by their auto-execution systems to fifty. See Securities Exchange Act Release Nos. 41823 (September 1, 1999), 64 FR 49265 (September 10, 1999) and 41821 (September 1, 1999), 64 FR 50313 (September 16, 1999) respectively.

⁶ 15 USC 78f(b).

⁷ 15 USC 78f(b)(5).

prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.⁸

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.

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

This proposed rule filing has been filed by the Exchange as a "non-controversial" rule change pursuant to Section 19(b)(3)(A)(i) of the Act⁹ and subparagraph (f)(6) of rule 19b-4 thereunder.¹⁰ Consequently, because the foregoing proposed rule change:

- (i) Does not significantly affect the protection of investors or the public interest;
- (ii) does not impose any significant burden on competition; and
- (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; provided that the self-regulatory organization has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

In this regard the Amex has agreed that the proposal need not become operative for 30 days. In addition, the Amex provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, more than five business

⁸ In reviewing this proposal, the Commission has considered its impact on efficiency, competition and capital formation. 15 USC 78c(f).

⁹ 15 USC 78s(b)(3)(A)(i).

¹⁰ 17 CFR 240.19b-4(f)(6).

days prior to the date of filing of the proposed rule change.

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 the furtherance of the purposes of the Act.¹¹

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing including whether the proposed rule 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 in the Commission's Public Reference Room. Copies of such filings will also be available for inspection and copying at the principal office of the Amex. All submissions should refer to file number SR-99-43 and should be submitted by December 3, 1999.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹²

Margaret H. McFarland,

Deputy Secretary.

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¹¹ Although the Commission has a degree of comfort with respect to the proposed increase, we note that any proposed increases over fifty contracts may raise additional issues, including such matters as market maker financial exposure, price improvement, and quote dissemination. Because of these concerns, the Commission welcomes the opportunity to review the Exchange's experience with any increase in the maximum order size to fifty contracts. If, in the future, exchanges seek to increase order size levels above fifty contracts, this examination will help us assess whether any such increases are appropriate and, if so, whether we should seek addition assurance regarding such increases.

¹² 17 CFR 200.30-3(a)(12).