

integrated order delivery and execution system for directed orders and non-directed orders.¹⁵ The NASD also submitted a proposed rule change to modify the NASD's SOES and SelectNet systems and create a new system, Nasdaq National Market Execution System.¹⁶ Either of the proposed new systems, if approved, would alter SOES and SelectNet and would have an impact on the Plan (e.g., the manner in which Plan participants interact with orders and quotes displayed in Nasdaq). With respect to the need for a trade through rule, the NASD maintains that it would be more appropriate to address this issue once the issue of electronic access to Nasdaq market makers' quotes has been resolved.

In December 1997, the CHX advised the Commissions staff that it intended to replace its then existing MAX-OTC system with the BRASS system developed by Automated Securities Clearance, Limited ("ASC").¹⁷ In December 1998, the CHX stated its intention to implement the BRASS system by September 30, 1999.¹⁸ While awaiting delivery of the necessary BRASS system modifications from ASC, the CHX continue to upgrade its MAX-OTC system. Earlier this year, after ASC failed to deliver the necessary modifications, the CHX decided to make the improved MAX-OTC system its means of accessing securities instead of the BRASS system.¹⁹

VI. Discussion

The Commission finds that an extension of temporary approval of the operation of the Plan, as amended, through June 30, 2000, is appropriate and in furtherance of Section 11A of the Act.²⁰ The Commission believes that the

extension will provide the Participants with additional time to seek Commission approval of pending proposals concerning the BBO calculation²¹ and to begin to make reasonable proposals concerning a trade through rule to facilitate the trading of OTC securities pursuant to UTP. With respect to a trade through rule, the Commission notes that it has recently proposed to expand the ITS linkage to all securities. This, in turn, would expand the coverage of the ITS trade through rule.²² While the Commission continues to solicit comment on these matters, the Commission believes that these matters should be addressed directly by the Participants on or before June 30, 2000 so that the Commission may have ample time to determine whether to approve the Plan on a permanent basis by June 30, 2000.

The Commission also finds that it is appropriate to extend the exemptive relief from Rule 11Ac1-2 under the Act until the earlier of June 30, 1999, or until such time as the calculation methodology of the BBO is based on a price/size/time algorithm pursuant to a mutual agreement among the Participants approved by the Commission. The Commission further finds that it is appropriate to extend the exemptive relief from rule 11Aa3-1 under the Act, that requires transaction reporting plans to include market identifiers for transaction reports and last sale data, to the BSE through June 30, 1999. The Commission believes that the extensions of the exemptive relief provided to vendors and the BSE, respectively, are consistent with the Act, the Rules thereunder, and specifically with the objectives set forth in Sections 12(f) and 11A of the Act and in Rules 11Aa3-1 and 11Aa3-2 thereunder.

IV. Solicitation of Comment

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, N.W., Washington, D.C. 20549-0609. Copies of the submission, all subsequent amendments, all written statements with respect to the proposal that are filed with the Commission, and all written communications relating to the

competition, and capital formations. 15 U.S.C. 78(c)(f).

²¹ See e.g., Actual Size Rule Release, *supra* note 13 and IODES Proposal, *supra* note 14.

²² Securities Exchange Act Release No. 42212 (December 9, 1999), 64 FR 70297 (December 16, 1999).

proposal 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. All submissions should refer to File No. S7-24-89 and should be submitted by January 28, 2000.

V. Conclusion

It is therefore ordered, pursuant to Sections 12(f) and 11A of the Act and paragraph (c)(2) of rule 11Aa3-2 thereunder, that the Participants' request to extend the effectiveness of the Joint Transaction Reporting Plan, as amended, for Nasdaq/National Market securities traded on an exchange on an unlisted or listed basis through June 30, 2000, and certain exemptive relief through June 30, 2000, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²³

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42302]

Order Canceling Registrations of Certain Transfer Agents

December 30, 1999.

On October 28, 1999, notice was published in the **Federal Register** that the Securities and Exchange Commission ("Commission") intended to issue an order, pursuant to Section 17A(c)(4)(B) of the Securities Exchange Act of 1934 (Exchange Act),¹ canceling the registrations of the transfer agents whose names appear in the Appendix attached to this Order.² For the reasons discussed below, the Commission is canceling the registration of each of the transfer agents identified in the attached Appendix.

FOR FURTHER INFORMATION CONTACT: Jerry W. Carpenter, Assistant Director, or Gregory J. Dunmark, Special Counsel, at 202/942-4187, Division of Market Regulation, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549-1001.

Background and Discussion

Section 17A(c)(4)(B) of the Exchange Act provides that if the Commission

²³ 17 CFR 200.30-3(a)(29).

¹ 15 U.S.C. 78q-1(c)(4)(B).

² Securities Exchange Act Release No. 34-42039 (October 20, 1999), 64 FR 58112 (October 28, 1999).

¹⁵ See Securities Exchange Act Release No. 39718 (March 4, 1998) 63 FR 12124 (March 12, 1998). ("IODES Proposal") Directed orders are those that an order-entry firm chooses to send to a specific Nasdaq market maker, electronic communications network ("ECN") or UTP exchange for delivery and execution. Non-directed orders are those that are not sent to particular Nasdaq market maker or ECN. In other words, when the broker-dealer entering the order does not specify the particular Nasdaq market maker, ECN or UTP exchange it wants to access, the order will be sent to the next available executing participant quoting at the national BBO.

¹⁶ Securities Exchange Act Release No. 41296 (April 15, 1999), 64 FR 19844 (April 22, 1999).

¹⁷ See December 1997 Extension Request and Letter from George T. Simon, Foley & Lardner to Howard L. Kramer, Senior Associate Director, Division, SEC, dated December 12, 1997.

¹⁸ See December 1998 Extension Order, *supra* note 7.

¹⁹ See Letter from Paul B. O'Kelly, Executive Vice President, Market Regulation and Legal, CHX, to Mignon McLemore, Attorney, Division, SEC, dated December 20, 1999.

²⁰ In approving this extension, the Commission has considered the extension's impact on efficiency,

finds that any transfer agent registered with the Commission is no longer in existence or has ceased to do business as a transfer agent, the Commission shall by order cancel that transfer agent's registration. On October 20, 1999, the Commission issued a Notice of Intention to Cancel Registrations of Certain Transfer Agents which identified eight transfer agents that the Commission believed either are no longer in existence or have ceased doing business as transfer agents. The Notice stated that at any time after November

29, 1999, which was 30 days after the Notice was published in the **Federal Register**, the Commission intended to issue an order canceling the registrations of any or all of the identified transfer agents.

Accordingly, the Commission is canceling the registration of each of the identified eight transfer agents.

Order

On the basis of the foregoing, the Commission finds that each of the transfer agents whose name appears in the attached Appendix either is no

longer in existence or has ceased doing business as a transfer agent.

It is therefore ordered, pursuant to Section 17A(c)(4)(B) of the Exchange Act, that the registration of each of the transfer agents whose name appears in the attached Appendix be and hereby is canceled.

For the Commission by the Division of Market Regulations, pursuant to delegated authority.³

Margaret H. McFarland,
Deputy Secretary.

Appendix

Registration No.	Name
84-5767	American Transfer & Registrar Inc.
84-5394	First Federal Savings & Loan Association of Montana.
84-5779	Franklin American Corp.
84-5686	Selena T. Jackson.
84-5562	Stephen Rudolph Jones, d/b/a New York Stock Transfer.
84-1864	Library Bureau, Inc.
84-1606	Mt. Olive Church of God in Christ—United Mission, Inc.
84-1960	Odenton Federal Savings & Loan Association.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42308; File No. SR-Amex-99-23]

Self-Regulatory Organizations; American Stock Exchange LLC; Order Approving Proposed Rule Change and Amendment No. 1 Thereto and Notice of Filing and Order Granting Accelerated Approval to Amendment No. 2 Relating to the Amendment of Commentary .05 to Rule 155

January 3, 2000.

I. Introduction

On July 9, 1999, the American Stock Exchange LLC ("Amex" or "Exchange") submitted to the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

("Act"),¹ and Rule 19b-4 thereunder,² a proposed rule change permitting members to break certain trades only with Floor Official approval. The Exchange submitted Amendment No. 1 to its proposal on August 2, 1999.³ The proposed rule change, as amended, was published for comment in the **Federal Register** on September 21, 1999.⁴ The Commission received no comments on the proposal. On October 25, 1999, the Amex file Amendment No. 2.⁵ This order approves the proposal, as amended, and solicits comments from interested persons on Amendment No. 2.

II. Description of Proposal

Under the proposal, a member must first obtain written Floor Official approval before breaking a trade because the specialist acted as both agent and principal. The member seeking the rejection must request, in writing, Floor Official review of the transaction promptly after receiving notice of the trade.⁶ As is currently the case, the basis

for the request to break the trade would be that the specialist acted in a dual capacity on the trade. Under the proposed procedure, a Floor Official would review the facts and circumstances of the trade to determine whether the specialist acted consistently with his obligation to maintain a fair and orderly market.⁷ This review would include discussions with the aggrieved member, the specialist and other members with knowledge of the transaction. It is incumbent on the Floor Official (who has received training on the rules of the Exchange) to investigate the transaction and make a ruling. Members aggrieved by a Floor Official's ruling may seek review of the ruling pursuant to Exchange Rule 22.⁸

The Exchange believes that the current rule, which permits a party to an Exchange contract to break the trade even though the specialist has not acted inappropriately with respect to the trade,⁹ interjects an element of financial risk into the market. This risk is magnified in the context of options due

³ 17 CFR 200.30-3(a)(22).

¹ 15 U.S.C. 87s(b)(1).

² 17 CFR 240.19b-4.

³ Letter from William Floyd-Jones, Assistant General Counsel, Legal & Regulatory Policy, Amex, to Terri Evans, Attorney, Division of Market Regulation ("Division"), Commission, dated July 29, 1999 ("Amendment No. 1").

⁴ Securities Exchange Act Release No. 41866 (September 13, 1999) 64 FR 5115.

⁵ In Amendment No. 2, the Exchange clarified what constitutes "prompt" notice that a member wants to break a trade, as well as the procedure for Floor Official review. The Exchange also represented that it has sufficient surveillance to determine whether a specialists is acting

consistently with his obligation to maintain a fair and orderly market. See Letter from William Floyd-Jones, Assistant General Counsel, Legal & Regulatory Policy, Amex, to Terri Evans, Attorney, Division, Commission dated October 21, 1999 ("Amendment No. 2").

⁶ The amount of time that constitutes "prompt" notice will vary according to conditions in the market and the member or member organization seeking to break the trade act diligently. The Exchange has represented that the member or member organization seeking to break the trade will have sufficient time to review the notice of the trade and to prepare and deliver the written request for Floor Official review of the transaction. *Id.*

⁷ In Amendment No. 2, the Exchange deleted the requirement that the member seeking to reject the trade show good cause for the Floor Official to form the belief that the execution was inconsistent with the specialist's responsibility to maintain a fair and orderly market. It is up to the Floor Official to review the facts and circumstances of the trade to determine whether the specialist acted consistently with his obligation to maintain a fair and orderly market. *Id.*

⁸ *Id.*

⁹ Telephone conversation between William Floyd-Jones, Assistant General Counsel, Legal & Regulatory Policy, Amex, and Terri Evans, Attorney, Division, Commission, on January 3, 2000.