

proposed rule change is set forth below. Deletions are in brackets.

## ARTICLE VI

### RESTRICTIONS AND REQUIREMENTS

#### Training and Examination of Registrants

##### Rule 3.

\* \* \* \* \*

#### Interpretations and Policies

##### .01 Floor Member Organizations

###### (a) Floor Membership Exam

All applicants for membership on the Exchange requesting a floor presence must successfully complete the Floor Membership Exam [after the applicant has been posted for membership].

\* \* \* \* \*

#### 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 CHX 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 CHX 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 proposed rule change will permit administration of the Floor Membership Examination either before or after posting of an applicant requesting a floor presence on the Exchange. The Exchange believes that the flexibility afforded by the proposed rule change will permit more efficient scheduling and administration of the examination process to the benefit of prospective members, member organizations, and Exchange staff, by removing the unnecessary formality of requiring posting as a prerequisite to taking the exam. The Exchange will still require applicants of prospective members to be posted prior to approval for membership, which will maintain the protections of the membership consideration progress.

###### 2. Statutory Basis

The proposed rule change is consistent with section 6(b)(5) of the

Act<sup>4</sup> in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons regulating securities transactions, 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 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

The Exchange has not solicited or received written comments on the proposed rule change.

#### III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the proposed rule change: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) does not become operative for 30 days from March 6, 2000, the date on which it was filed, and the Exchange provided the Commission with written notice of its intent to file the proposed rule change at least five business days prior to the filing date, it has become effective upon filing pursuant to section 19(b)(3)(A) of the Act and rule 19b-4(f)(6) thereunder.<sup>5</sup> At any time within 60 days of the filing of such 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 furtherance of the purposes of the Act.<sup>6</sup>

#### 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 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 the filing will also be available for inspection and copying at the principal office of the CHX. All submissions should refer to the File No. SR-CHX-00-01 and should be submitted by April 18, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

Margaret H. McFarland,  
Deputy Secretary.

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#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42562; File No. SR-Phlx-00-18]

#### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto by the Philadelphia Stock Exchange, Inc. Relating to the Monthly Examination Fee

March 22, 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 February 18, 2000, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "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. On March 13, 2000, the Exchange submitted Amendment No. 1 to the proposed rule change.<sup>3</sup>

<sup>7</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, the Exchange corrected the Schedule of Dues and Fees contained in Appendix A to reflect the current status of recently proposed fees. See letter from Murray L. Ross, Secretary, Phlx, to Nancy Sanow, Senior Special Counsel, Division of Market Regulation ("Division"), SEC, dated March 10, 2000 ("Amendment No. 1").

<sup>4</sup> 15 U.S.C. 78(b)(5).

<sup>5</sup> 17 CFR 250.19b-4(f)(6).

<sup>6</sup> In reviewing this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

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

The Exchange proposes to amend its schedule of dues, fees and charges to increase the monthly examinations fee from \$1,000 per month to \$2,000 per month. The proposed increase in the Examinations Fee is to be effective as of March 1, 2000. The text of the proposed change is available at the Phlx and at the Commission.

### **II. Self-Regulatory Organization's Statement of the Purpose of, and the 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**

The Exchange is proposing to increase from \$1,000 per month to \$2,000 per month the Examinations Fee paid by member organizations for which the Exchange is the Designated Examining Authority ("DEA") and which do not meet any of the exemptions to the examinations fee. Those exemptions remain unchanged.<sup>4</sup> Since the implementation of this fee in 1995, the number of member organizations for which the Exchange is the DEA, and which are subject to the Examinations Fee, has more than doubled.

The Exchange has experienced increased administrative costs incurred while conducting examinations of member organizations, not only due to increased travel and lodging costs for its examiners, but also because of an increase in the amount of staff time committed to undertake such examinations. The Exchange notes that

a number of member organizations subject to the Examinations Fee operate as foreign-based registered broker-dealers.

Additionally, the Exchange has had to increase the amount of staff time devoted to the service function it performs for firms. This service function consists of initially advising firms on how to set up financial reporting records, comply with Exchange and Commission rules, and comply with supervisory procedures and controls required by the Exchange and the Commission. Moreover, the Exchange has undertaken increased administrative and regulatory responsibilities associated with member organizations and their off floor traders, including scheduling more frequent compliance inspections as part of the Examinations Department's audit plan.<sup>5</sup>

In order to compensate for the extensive staff time, examination and regulatory administrative cost associated with examining off-floor firms that are not active participants in Phlx markets, the Exchange proposes to amend its fee schedule by increasing the Examinations Fee to \$2,000 per month.<sup>6</sup> The firms subject to the Examinations Fee are all located off the Exchange's trading floors.

##### **2. Statutory Basis**

The Exchange represents that the proposed rule change is consistent with Section 6(b)<sup>7</sup> of the Act in general and furthers the objectives of Section 6(b)(4)<sup>8</sup> in particular because it provides for the equitable allocation of reasonable dues, fees and other charges among its members and other persons using its facilities.

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

The Phlx does not believe that the proposed rule change will impose any inappropriate or unnecessary burden on competition.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

### **III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

The foregoing rule change establishes or changes a due, fee or charge imposed by the exchange and, therefore, has become effective upon filing pursuant to Section 19(b)(3)(A) of the Act<sup>9</sup> and paragraph (f)(2) of Rule 19b-4 thereunder.<sup>10</sup>

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 furtherance of the purpose of the Act.

### **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.<sup>11</sup> 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 Phlx. All submissions should refer to File No. SR-Phlx-00-18 and should be submitted by April 18, 2000.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

**Margaret H. McFarland,**  
Deputy Secretary.

<sup>4</sup> The Examinations Fee was approved by the Commission on December 12, 1994 and made effective January 1, 1995. See Exchange Act Release No. 35091 (Dec. 12, 1994), 59 FR 65558 (Dec. 20, 1994).

<sup>5</sup> The Exchange notes that the enumerated exemptions from the Examinations Fee remain unchanged. See note 2 to Appendix A. Moreover, the proposed change will not affect the current

procedures pursuant to which the actual cost of an examination is passed through to members in the event a self-regulatory organization other than the Phlx conducts the examination. See Exchange Act Release No. 39744 (March 11, 1998), 63 FR 13294 (March 18, 1998).

<sup>6</sup> See Appendix A attached hereto.

<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(4).

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(2).

<sup>11</sup> In reviewing this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. 15 USC 78c(f).

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

## APPENDIX A

New Text <i>Underlined</i> ; Deleted Text Bracketed:	
Membership dues or Foreign Currency User Fees <sup>1</sup> .....	\$166.67 monthly.
Foreign Currency Option Participation Fee .....	\$166.67 monthly.
Application Fee .....	\$200.00.
Initiation Fee .....	\$1,500.00.
Transfer Fee .....	\$500.00.
Trading Post/Booth .....	\$250.00 monthly.
Controller Space .....	\$750.00 quarterly.
Floor Facility Fees .....	\$375.00 quarterly.
Shelf Space on Equity Option Trading Floor .....	\$375.00 quarterly.
Direct Wire to the Floor .....	\$60.00 quarterly.
Telephone System Line Extensions .....	\$22.50 monthly/per extension.
Wireless Telephone System .....	\$200.00 monthly.
Execution Services/Communication Charge .....	\$200.00 monthly.
Stock Execution Machine Registration Fee (Equity Floor) .....	\$300.00.
Equity, Option, or FCO Transmission Charge .....	\$750.00 monthly.
FCO Pricing Tape .....	\$600.00 monthly.
Option Report Service:	
(New York) .....	\$600.00 monthly.
(Chicago) .....	\$800.00 monthly.
Quotron Equipment .....	\$225.00 monthly.
Instinet, Reuters Equipment .....	cost passed through.
Examinations Fee .....	\$/1/2,000.00 monthly <sup>2</sup> or pass-through of another SRO's fees.
Technology Fee <sup>3</sup> .....	\$100.00 monthly.
Review/Process Subordinated Loans .....	\$25.00.
Registered Representative Registration:	
Initial .....	\$25.00
Maintenance .....	\$25.00 annually.
Transfer .....	\$25.00.
Option Mailgram Service .....	\$117.00 monthly.
Off-Floor Trader Initial Registration Fee .....	\$200.00.
Off-Floor Trader Annual Fee .....	\$200.00.
Computer Equipment Services, Repairs or Replacements <sup>4</sup> .....	\$100.00 per service call and \$75.00 per hour (Two hour minimum).
Computer Relocation Requests <sup>5</sup> .....	\$75.00 per person, per hour (Two hour minimum).

<sup>1</sup> An exemption from foreign currency user fees is extended to PHLX members also holding title to a foreign currency options participation.

<sup>2</sup> This fee is applicable to member/participant organizations for which the PHLX is the DEA. The following organizations are exempt: (1) inactive organizations; (2) organizations operating from the PHLX trading floor which have demonstrated that at least 25% of their income as reflected on the most recently submitted FOCUS Report was derived from floor activities; (3) organizations for any month where they incur transaction or clearing fees charged directly by the Exchange or by its registered clearing subsidiary, provided that the fees exceed the examinations fee for that month; and (4) organizations affiliated with an organization exempt from this fee due to the second or third category. Affiliation includes an organization that is a wholly owned subsidiary of or controlled by or under the common control with an exempt member or participant organization. An inactive organization is one that had no securities transaction revenue, as determined by semi-annual FOCUS reports, as long as the organization continues to have no such revenue each month.

<sup>3</sup> An exemption from the technology fee is extended to foreign currency options participants who are also affiliated with the Exchange as Phlx members.

<sup>4</sup> These fees will be effective from January 1, 2000 until March 31, 2000, unless extended consistent with the requirements of Section 19(b) of the Securities Exchange Act of 1934. At this time, these fees will not be applied to participants on the Foreign Currency Options Trading Floor.

<sup>5</sup> These fees will be effective from January 1, 2000 until March 31, 2000, unless extended consistent with the requirements of Section 19(b) of the Securities Exchange Act of 1934. At this time, these fees will not be applied to participants on the Foreign Currency Options Trading Floor.

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## SOCIAL SECURITY ADMINISTRATION

### Privacy Act of 1974 as Amended; Computer Matching Program (SSA/ State Department(s) for Health and Income Maintenance) for Disclosure of Medicaid Information (Match #1085)

**AGENCY:** Social Security Administration (SSA).

**ACTION:** Notice of computer matching program.

**SUMMARY:** In accordance with the provisions of the Privacy Act, as amended, this notice announces a computer matching program that SSA plans to conduct.

**DATES:** SSA will file a report of the subject matching program with the Committee on Governmental Affairs of the Senate, the Committee on Government Operations of the House of Representatives and the Office of Information and Regulatory Affairs, Office of Management and Budget (OMB). The matching program will be effective as indicated below.

**ADDRESSES:** Interested parties may comment on this notice by either telefax

to (410) 597-0841, or writing to the Associate Commissioner for Program Support, 4400 West High Rise, 6401 Security Boulevard, Baltimore, MD 21235.

All comments received will be available for public inspection at this address.

**FOR FURTHER INFORMATION CONTACT:** The Associate Commissioner for Program Support as shown above.

#### SUPPLEMENTARY INFORMATION:

##### A. General

The Computer Matching and Privacy Protection Act of 1988 [Public Law (Pub. L.) 100-503], amended the Privacy