

*Program:* This meeting will review applications for Fellowships in European History, submitted to the Division of Research Programs at the May 1, 2000 deadline.

14. *Date:* August 17, 2000.

*Time:* 8:30 a.m. to 5:00 p.m.

*Room:* 315.

*Program:* This meeting will review applications for Fellowships in History of Art and Architecture, submitted to the Division of Research Programs at the May 1, 2000 deadline.

**Laura S. Nelson,**

*Advisory Committee Management Officer.*

[FR Doc. 00-18681 Filed 7-24-00; 8:45 am]

**BILLING CODE 7536-01-M**

## **NORTHEAST DAIRY COMPACT COMMISSION**

### **Notice of Meeting**

**AGENCY:** Northeast Dairy Compact Commission.

**ACTION:** Notice of meeting.

**SUMMARY:** The Compact Commission will hold its regular monthly meeting to consider matters relating to administration and enforcement of the price regulation, including the reports and recommendations of the Commission's standing Committees.

**DATES:** The meeting will begin at 10:30 a.m. on Wednesday, August 2, 2000.

**ADDRESSES:** The meeting will be held at The Centennial Inn, Concord, New Hampshire, I-93 S, Exit 14.

#### **FOR FURTHER INFORMATION CONTACT:**

Kenneth M. Becker, Executive Director, Northeast Dairy Compact Commission, 34 Barre Street, Suite 2, Montpelier, VT 05602. Telephone (802) 229-1941.

**Authority:** 7 U.S.C. 7256.

Dated: July 19, 2000.

**Kenneth M. Becker,**

*Executive Director.*

[FR Doc. 00-18708 Filed 7-24-00; 8:45 am]

**BILLING CODE 1650-01-P**

## **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, D.C. 20549

#### **Extension:**

Rule 11a-3, SEC File No. 270-321, OMB Control No. 3235-0358

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995

(44 U.S.C. 3501 *et seq.*) ("PRA"), the Securities and Exchange Commission (the "Commission") has submitted to the Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

### **Rule 11a-3 Under the Investment Company Act of 1940; Offers of Exchange by Open-End Investment Companies Other Than Separate Accounts**

Rule 11a-3 under the Investment Company Act of 1940 [17 CFR 270.11a-3] is an exemptive rule that permits open-end investment companies ("funds"), other than insurance company separate accounts, and funds' principal underwriters, to make certain exchange offers to fund shareholders and shareholders of other funds in the same group of investment companies. The rule requires a fund, among other things: (i) to disclose in its prospectus and advertising literature the amount of any administrative or redemption fee imposed on an exchange transaction; (ii) if the fund imposes an administrative fee on exchange transactions, other than a nominal one, to maintain and preserve records with respect to the actual costs incurred in connection with exchanges for at least six years; and (iii) to give the fund's shareholders a sixty day notice of a termination of an exchange offer or any material amendment to the terms of an exchange offer (unless the only material effect of an amendment is to reduce or eliminate an administrative fee, sales load or redemption fee payable at the time of an exchange).

The rule's requirements are designed to protect investors against abuses associated with exchange offers, to provide fund shareholders with information necessary to evaluate exchange offers and certain material changes in the terms of exchange offers, and to enable the Commission staff to monitor funds' use of administrative fees charged in connection with exchange transactions.

It is estimated that approximately 2,900 funds may choose to rely on the rule, and each fund may spend one hour annually complying with the recordkeeping requirement and another one hour annually complying with the notice requirement. The burdens associated with the disclosure requirement of the rule are accounted for in the burdens associated with the Form N-1A registration statement for funds. The total annual burden associated with the rule therefore, is limited to the recordkeeping and notice requirements under the rule, which is estimated to be 5,800 hours. This

estimate represents an increase of 800 hours over the prior estimate of 5,000 hours. This increase in burden hours is attributable to an increase in the estimated number of funds from 2,500 to 2,900. The estimate of average burden hours is made solely for the purposes of the PRA, and is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules.

Compliance with the collection of information requirements of rule 11a-3 is mandatory. Responses subject to the disclosure requirement of rule 11a-3 will not be kept confidential. Information subject to the recordkeeping requirement and notice requirement of rule 11a-3 is not submitted to the Commission and, therefore, confidentiality is not an issue.

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.

General 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, New Executive Office Building, Washington, D.C. 20503; and (ii) Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, N.W., Washington, D.C. 20549. Comments must be submitted to OMB within 30 days of this notice.

Dated: July 18, 2000.

**Jonathan G. Katz,**  
*Secretary.*

[FR Doc. 00-18740 Filed 7-24-00; 8:45 am]

**BILLING CODE 8010-01-M**

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-4052; File No. SR-CBOE-00-16]

### **Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval to a Proposed Rule Change and Amendment No. 1 to the Proposed Rule Change by the Chicago Board Options Exchange, Inc. Relating to an Increase in Narrow-Based Index Option Position and Exercise Limits**

July 18, 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 April 11, 2000, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change to increase the position and exercise limits for narrow-based index options. The CBOE amended its proposal on June 13, 2000.<sup>3</sup> The proposed rule change, as amended, is described in Items I and II below, which have been prepared by the Exchange. The Commission is publishing this notice and order to solicit comments on the proposed rule change and Amendment No. 1 from interested persons and to approve the proposal, as amended, on an accelerated basis.

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

The CBOE proposes to amend Exchange Rule 24.4A, "Position Limits for Industry Index Options," to increase the position and exercise limits for narrow-based (industry) index options to the levels currently in place for industry index options listed on the Philadelphia Stock Exchange, Inc. ("Phlx") and on the American Stock Exchange, Inc. ("Amex"). The text of the proposed rule change is available at the CBOE and at the Commission's public reference room.

### **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 CBOE 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 CBOE 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 CBOE proposes to amend CBOE Rule 24.4A to increase the position and exercise limits for narrow-based (industry) index options, which are subject to a three-tier position and exercise limit determination.<sup>4</sup> The CBOE's proposal, as amended, will make the CBOE's position and exercise limits for narrow-based index options consistent with a recently approved increase in position and exercise limits for narrow-based index options listed on the Phlx and Amex.<sup>5</sup> Specifically, the CBOE proposes to increase the position and exercise levels for narrow-based index options from 9,000, 12,000 and 15,000 contracts to 18,000, 24,000 and 31,500 contracts. The CBOE requests that the Commission approve the proposal on an accelerated basis to allow for uniformity among the options exchanges with regard to position and exercise limits for narrow-based index options, which in turn should promote fair competition among the exchanges. The CBOE believes that the possibility of investor confusion will be eliminated in a trading environment with uniform position and exercise limits for industry index options.

The CBOE notes that exercise limits for narrow-based index options will continue to correspond to position limits, so that investors may exercise the number of contracts set forth as the position limit during any five consecutive business day period.

As of April 3, 2000, the CBOE listed the following industry index options, with limits as shown:

- (1) S&P Banking Index—15,000 contracts;
- (2) S&P Chemical Index—9,000 contracts;

<sup>4</sup> CBOE Rule 24.5, "Exercise Limits," provides that the exercise limits for index options will be equivalent to the position limits prescribed for options with the nearest expiration date in CBOE Rule 24.4 or 24.4A.

<sup>5</sup> See Securities Exchange Act Release No. 42132 (November 12, 1999), 64 FR 63837 (November 22, 1999) (order approving File Nos. SR-Amex 98-39 and SR-Phlx-98-39) ("Narrow-Based Index Option Order").

- (3) S&P Health Care Index—12,000 contracts;
- (4) S&P Insurance Index—9,000 contracts;
- (5) S&P Retail Index—12,000 contracts;
- (6) S&P Transportation Index—12,000 contracts;
- (7) CBOE Automotive Index—12,000 contracts;
- (8) CBOE Computer Software Index—12,000 contracts;
- (9) CBOE Gaming Index—12,000 contracts;
- (10) CBOE Gold Index—15,000 contracts;
- (11) CBOE Internet Index—15,000 contracts;
- (12) CBOE Latin 15 Index—15,000 contracts;
- (13) CBOE Mexico Index—12,000 contracts;
- (14) CBOE Oil Index—15,000 contracts;
- (15) CBOE Technology Index—15,000 contracts;
- (16) GSTI Hardware Index—12,000 contracts;
- (17) GSTI Internet Index—12,000 contracts;
- (18) GSTI Multimedia Networking Index—12,000 contracts;
- (19) GSTI Services Index—12,000 contracts;
- (20) GSTI Software Index—12,000 contracts;
- (21) DJUA Index—15,000 contracts;
- (22) DJTA Index—15,000 contracts;
- (23) Dow Jones Internet Commerce Index—15,000 contracts;
- (24) Dow 10 Index—12,000 contracts; and,
- (25) GSTI Semiconductor Index—12,000 contracts.

In addition to providing regulatory equality, the CBOE believes that an increase in position and exercise limits for narrow-based index options is appropriate for several reasons. First, the CBOE believes that increased position and exercise limits for narrow-based index options may bring additional depth and liquidity, in terms of both volume and open interest, to these index options classes without significantly increasing concerns regarding inter-market manipulations or disruptions of the index options or the underlying component securities.

Second, the CBOE notes that the Commission recently approved rule changes increasing the position and exercise limits for standardized equity option contracts.<sup>6</sup> The Commission also approved the elimination of position

<sup>6</sup> See Securities Exchange Act Release No. 40875 (December 31, 1998), 64 FR 1842 (January 12, 1999) (order approving File Nos. SR-CBOE-98-25, SR-Amex-98-22, SR-PCX-98-33, and SR-Phlx-98-36).

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

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

<sup>3</sup> See letter from Mary L. Bender, Senior Vice President and Chief Regulatory Officer, Division of Regulatory Services, CBOE, to Joseph Corcoran, Division of Market Regulation ("Division"), Commission, dated June 12, 2000 ("Amendment No. 1"). In Amendment No. 1, the CBOE revised CBOE Rule 24.4A(a)(i) to provide that the position limits for options on a narrow-based index will be: (1) 18,000 contracts if the CBOE determines, during the semi-annual review conducted pursuant to CBOE Rule 24.4A(a)(ii), that any single underlying stock accounted, on average, for 30% or more of the index value during the 30-day period immediately preceding the review; (2) 24,000 contracts if the CBOE determines, during its semiannual review, that any single underlying stock accounted, on average, for 20% or more of the index value or that any five underlying stocks together accounted, on average, for more than 50% of the index value, but that no single stock in the group accounted, on average, for 30% or more of the index value during the 30-day period immediately preceding the review; or (3) 31,500 contracts if the CBOE determines that the conditions specified in (1) or (2) which would require the establishment of a lower limit have not occurred.

and exercise limits for certain broad-based index option contracts for a two-year pilot program.<sup>7</sup> Given these recent changes to various options exchanges' position and exercise limit rules, the CBOE believes that it is reasonable to allow for corresponding changes to the position and exercise limits for narrow-based index options.

Third, the CBOE notes that the proposal, while increasing the position limits for narrow-based index options, continues to reflect the unique characteristics of each index option and to maintain the structure of the current three-tiered system. Specifically, under the proposal, as amended, the lowest proposed limit, 18,000 contracts, will apply to narrow-based index options in which a single underlying stock accounted on average for 30% or more of the index value during the 30-day period immediately preceding the Exchange's semi-annual review of industry index option position limits. A position limit of 24,000 contracts will apply if: (i) Any single underlying stock accounted, on average, for 20% or more of the index value, or (ii) any five underlying stocks together accounted, on average, for more than 50% of the index value, but no single stock in the group accounted, on average, for 30% or more of the index value, during the 30-day period immediately preceding the Exchange's semi-annual review of industry index option position limits. The 31,500-contract limit will apply only if the Exchange determines that the above-specified conditions requiring either the 18,000-contract limit or the 24,000-contract limit have not occurred.

## 2. Statutory Basis

The CBOE believes the proposed rule change is consistent with and furthers the objectives of Section 6(b)(5)<sup>8</sup> of the Act in that it is designed to remove impediments to a free and open market and to protect investors and the public interest.

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

The CBOE does not believe that the proposed rule change will impose any burden on competition that is 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 solicited or received with respect to 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 is consistent with the Act. 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 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 CBOE. All submissions should refer to File No. SR-CBOE-00-16 and should be submitted by August 15, 2000.

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

The Commission finds that the proposal is consistent with the requirements of the Act.<sup>9</sup> In particular, the Commission finds the proposal is consistent with Section 6(b)(5)<sup>10</sup> of the Act. Section 6(b)(5) requires, among other things, that the rules of an exchange be designed to prevent fraudulent and manipulative practices, to promote just and equitable principles of trade, and to protect investors and the public interest.

The Commission believes that the CBOE's proposal to increase its position and exercise limits for narrow-based index options is appropriate for several reasons. First, the Commission notes that the proposal will increase the CBOE's position and exercise limits for narrow-based index options to the levels adopted by the Phlx and the Amex, which the Commission previously

approved.<sup>11</sup> Accordingly, the Commission finds that the proposal will help to assure fair competition among exchange markets, consistent with the Congressional findings in Section 11A(a)(1)(C)(iii) of the Act.<sup>12</sup>

Second, the Commission believes that increasing position and exercise limits for narrow-based index options may bring additional depth and liquidity, in terms of both volume and open interest, to these index options classes without significantly increasing concerns regarding intermarket manipulations or disruptions of the index options or the underlying component securities.

Third, increasing position and exercise limits for narrow-based index options should better serve the hedging needs of institutions that engage in trading strategies different from those covered under the index hedge exemption policy.

Fourth, the Commission notes that the proposal, while increasing the position limits for narrow-based index options, continues to reflect the unique characteristics of each index option and to maintain the structure of the current three-tiered system. Specifically, under the proposal, as amended, the lowest proposed limit, 18,000 contracts, will apply to narrow-based index options in which a single underlying stock accounted for 30% or more of the index value during the 30-day period immediately preceding the Exchange's semi-annual review of industry index option position limits. A position and exercise limit of 24,000 contracts will apply if any single underlying stock accounted, on average, for 20% or more of the index value or any five underlying stocks accounted, on average, for more than 50% of the index value, but no single stock in the group accounted, on average, for 30% or more of the index value during the 30-day period immediately preceding the Exchange's semi-annual review of industry index option position limits. The 31,500-contract limit will apply only if the Exchange determines that the conditions requiring either the 18,000-contract limit or the 24,000-contract limit have not occurred.<sup>13</sup>

Fifth, the Commission believes that financial requirements imposed by the Exchange and by the Commission adequately address concerns that a CBOE member or its customers may try to maintain a large unhedged position in a narrow-based index option. In this regard, the Commission notes that

<sup>7</sup> See Securities Exchange Act Release Nos. 40969 (January 22, 1999), 64 FR 4911 (February 1, 1999) (order approving File No. SR-CBOE-98-23); and 41011 (February 1, 1999), 64 FR 6405 (February 9, 1999) (order approving File No. SR-Amex-98-38).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>9</sup> In approving this rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>10</sup> 15 U.S.C. 78f(b)(5).

<sup>11</sup> See Narrow-Based Index Option Order, *supra* note 5.

<sup>12</sup> See 15 U.S.C. 78k-1(a)(1)(C)(iii).

<sup>13</sup> See Amendment No. 1, *supra* note 3.

current margin and risk-based haircut methodologies serve to limit the size of positions that a CBOE member or its customer may maintain.<sup>14</sup> The CBOE also has the authority under its rules to impose a higher margin requirement upon the member or member organization when it determines that a higher requirement is warranted.<sup>15</sup> Monitoring accounts maintaining large positions should provide the Exchange with information necessary to determine whether to impose additional margin and/or whether to assess capital charges upon a member organization carrying the account. In addition, the Commission's net capital rule, Rule 15c3-1 under the Exchange Act, imposes a capital charge on members to the extent of any margin deficiency resulting from the higher margin requirement. The Commission also notes that the Options Clearing Corporation will serve as the counterparty guarantor in every exchange-traded transaction.

Sixth, the Commission notes that the index options and other types of index-based derivatives (e.g., forwards and swaps) are not subject to position and exercise limits in the OTC market. The Commission believes that increasing position and exercise limits for narrow-based index options will better allow the Exchange to compete with the OTC market.

Finally, the absence of any discernible manipulative problems for narrow-based index options at existing levels leads the Commission to conclude that the proposed increases are reasonable and that they can be safely implemented.<sup>16</sup> The Commission believes that the Exchange's surveillance programs are adequate to detect and deter violations of position and exercise limits, as well as to detect

and deter attempted manipulation and other trading abuses through the use of such illegal positions by market participants.<sup>17</sup>

The Commission finds good cause to approve the proposed rule change and Amendment No. 1 prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register**. As discussed above, the proposed rule change, as amended, is identical to proposals by the Phlx and Amex that the Commission previously approved.<sup>18</sup> The Commission notes that no comments were received on either the Phlx's or Amex's proposal. In addition, the Commission is not aware of any problems arising from the position and exercise limits approved in the Phlx and Amex proposals. Amendment No. 1 conforms CBOE's position and exercise limits for narrow-based index options to the levels adopted by the Phlx and Amex. Accordingly, the Commission finds that, consistent with Sections 6(b) and 19(b)(2) of the Act, there is good cause to approve the proposal and Amendment No. 1 to the proposal on an accelerated basis.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>19</sup> that the proposed rule change (SR-CBOE-00-16), as amended, is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>20</sup>

**Jonathan G. Katz,**  
*Secretary.*

[FR Doc. 00-18743 Filed 7-24-00; 8:45 am]

**BILLING CODE 8010-01-M**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43044; International Series Release No. 1228; File No. SR-NYSE-00-25]

### Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by New York Stock Exchange, Inc., Relating to the Trading of the Ordinary Shares of Celanese AG

July 17, 2000.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,

<sup>17</sup> The Commission emphasizes that the Exchange must closely monitor compliance with position and exercise limits and impose appropriate sanctions for failures to comply with the Exchange's position and exercise limit rules.

<sup>18</sup> See Narrow-Based Index Option Order, *supra* note 5.

<sup>19</sup> 15 U.S.C. 78s(b)(2).

<sup>20</sup> 17 CFR 200.30-3(a)(12).

("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 14, 2000, the New York Stock Exchange, Inc. (the "Exchange" or the "NYSE") filed with the Securities and Exchange 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 and to approve the proposal on an accelerated basis.

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

The Exchange is proposing to adopt two interpretations under its rules to accommodate the trading of Celanese AG ("Celanese"). Celanese listed on the NYSE on October 25, 1999.

Celanese is a stock corporation incorporated under the laws of the Federal Republic of Germany with a single class of common stock—ordinary shares, no par value ("Ordinary Shares")—that trade on both the NYSE and the Frankfurt Stock Exchange, as well as on other exchanges around the world. The register for the Ordinary Shares is administered by Deutsche Bank AG, Celanese's transfer agent and registrar in Germany, and ChaseMellon Shareholder Services, Celanese's transfer agent and registrar in the United States. Transactions in the Ordinary Shares are cleared through the central clearing systems of both countries, The Depository Trust and Clearing Corporation ("DTCC"). In the United States and Deutsche Borse Clearing in Germany.

Although the Celanese Ordinary Shares are issued by a German company, they have many characteristics that are similar to shares of common stock issued by U.S. companies. For example, while most German stocks are in bearer form, Celanese shares are in registered form, the same as U.S. shares. However, the form of the stock certificate will have certain characteristics more similar to certificated shares of common stock of a German company than of a U.S. company. In addition, Celanese will pay dividends and call stockholder meetings and conduct voting at such meetings generally in accordance with German practices. For these reasons, the Exchange proposes to adopt two interpretations of its rules to accommodate the listing and trading of Celanese, similar to interpretations that the Commission approved in 1998 to

<sup>14</sup> In particular, Exchange Act Rule 15c3-1 requires a capital charge equal to the maximum potential loss on a broker-dealer's aggregate index position over a +(-) 10% market move. In addition, the adoption of risk-based haircuts in 1997 resulted in significant increases in capital charges for unhedged options positions. See Securities Exchange Act Release No. 38248 (February 6, 1997), 62 FR 6474 (February 12, 1997) (adopting risk-based haircuts). With regard to margin requirements, CBOE Rule 12.3 provides a customer margin requirement for an unhedged position in a listed narrow-based index option equal to the option premium plus 20% of the product of the current index group value and the applicable index multiplier, reduced by any out-of-the-money account, with a minimum margin requirement equal to the option premium plus 10% of the product of the current index group value and the applicable index multiplier.

<sup>15</sup> See CBOE Rule 12.10.

<sup>16</sup> Telephone Conversation between Mary L. Bender, Senior Vice President and Chief Regulatory Officer, Division of Regulatory Services, CBOE, and Joseph Corcoran, Division, Commission, on June 27, 2000.

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

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