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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[3] 17 CFR 200.30–3(a)(22).

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

[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.

to the leverage of these securities. In the Exchange's view, the risk of financial instability created by giving persons an unfettered right to cancel trades merely because the executing specialist acted both as principal and agent outweighs whatever residual benefits the rule may have.

The Exchange, however, is not proposing to eliminate a member's ability to rescind a trade where the specialist may have acted inappropriately. The proposed rule change is intended to eliminate the unchecked right to break trades due to the capacity in which the specialist acted. The Exchange believes that the proposal appropriately limits the financial risk of specialists that provide liquidity to investors by acting as principal while maintaining the ability of members to break trades where the specialist acts inconsistently with his obligations. The Exchanges believes that brokers have developed sophisticated systems for reviewing execution quality in response to the Commission's statements on ''best execution'' of customer orders. Further, the Exchange notes that it has developed sophisticated surveillance systems backed by extensive staff resources for reviewing trading by its members. The Exchange believes that its current surveillance capabilities are sufficient to determine whether specialists are acting consistently with their obligations to maintain fair and orderly markets. In addition, the Exchange plans to automate its order ticket review procedures, which will further enhance its market surveillance.[10]

III. Discussion

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulation thereunder applicable to a national securities exchange.[11] In particular, the Commission believes that the proposal is consistent with the requirements of Section 6(b)(5) of the Act.[12] Section 6(b)(5) of the Act [13] requires, among other things, that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, 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 to protect investors and the public interest.

The Commission finds that requiring written Floor Official approval before breaking a trade due to the specialist acting as agent and principal (for good cause shown in relation to the specialist's responsibility to maintain a fair and orderly market) promotes just and equitable principles of trade, facilitates transactions in securities, and removes impediments to and perfects the mechanism of a free and open market and a national market system. By requiring Floor Official approval, the proposal should limit the instances in which a trade can be rejected which could enhance the stability of the marketplace, while providing members with an opportunity to break a trade when a specialist acted in a manner that was not consistent with his or her duty to maintain a fair and orderly market.

The Commission also finds that Amendment No. 2 is consistent with Section 6(b)(5) of the Act, because it promotes just and equitable principles of trade, facilities transactions in securities and removes impediments to and perfects the mechanism of a free and open market and, in general, protects investors and the public interest. The Commission notes that the theory underlying Amex Rule 155, Commentary .05, is that a member who places an order, which the specialist executes as principal, should have a special opportunity to evaluate the execution and decide whether to reject the transaction. As stated above, the purpose would continue to be served, because members will continue to receive notices when a specialist has acted as both principal and agent and members may continue to reject a specialist's principal transactions upon a finding of good cause when the specialist has failed to maintain a fair and orderly market. Thus, a member's ability to rescind a trade in that instance should ensure that the interest of investors are protected. In addition, the Exchange has represented that it has sufficient surveillance for monitoring the activity of its specialists, thus helping to ensure investor protection.

The Commission finds good cause to approve Amendment No. 2 to the proposed rule change prior to the thirtieth day after the date of publication of notice of filing of the amendment in the **Federal Register**. Specifically, Amendment No. 2 merely clarifies the process by which a member can reject a trade and conveys Amex's representation that it has adequate surveillance to monitor its specialists. Accordingly, the Commission believes that there is good cause, consistent with Section 6(b)(5) and 19(b) of the Act [14] to approve Amendment No. 2 on an accelerated basis.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning Amendment No. 2, including whether the amendment is consistent with the Act. Persons making written submissions should fix 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 Amendment No. 2 that are filed with the Commission, and all written communications relating to Amendment No. 2 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 in Washington, D.C. Copies of such filings will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR–Amex–99–23 and should be submitted by January 28, 2000.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[14] that the proposed rule change, as amended, (SR–Amex–99–23) is approved.

For the Commission, by the Division of Market Regulations, pursuant to delegated authority.[15]

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–42307; File No. SR–Amex–99–25]

Self-Regulatory Organizations; Notice of Filing of Proposed Amendments to the Amex Constitution by the American Stock Exchange LLC Eliminating the Requirement That the Chairman Also Be the CEO

January 3, 2000.

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

[10] *Id.*

[11] In approving this proposed rule change, the Commission has considered its impact on efficiently, competition and capital formation. 15 U.S.C. 78c(f).

[12] 15 U.S.C. 78f(b)(5).

[13] *Id.*

[14] 15 U.S.C. 78f(b)(5) and 78s(b).

[14] 15 U.S.C. 78s(b)(2).

[15] 17 CFR 200.30–3(a)(12).