

the Act¹¹ and the rules and regulations thereunder applicable to a national securities exchange, in that it is designed to facilitate securities transactions and to remove impediments to and perfect the mechanism of a free and open market.¹² The Commission believes that proposed rule change will significantly reduce the Exchange's regulatory burden and allow it to compete more effectively in today's marketplace by facilitating the listing and trading of stock index industry group warrants that meet the generic criteria of Commentary .02 to Exchange Rule 901c. The commission also believes that the proposed rule change will benefit investors by enabling the Exchange to more quickly provide them with tailored products that directly meet their evolving investment needs. The Commission notes that the New Products Release authorizes the Exchange to list and trade certain derivative securities without first riling with the Commission a proposed rule change pursuant to Section 19(b)(3)(A) of the Act, but requires the Exchange to eliminate references to these filing requirements before it can rely on Rule 19b-4(e). The Commission also notes that the Exchange's existing trading rules, procedures, surveillance programs, and listing standards will apply to generic stock index industry group warrants listed and traded on the Exchange and that the Exchange has represented that it will comply with the terms and conditions of the New Product Release.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹³ that the proposed rule change (SR-Amex-99-21), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Jonathan G. Katz,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42491; File No. SR-ODD-00-01]

Self-Regulatory Organizations; The Options Clearing Corporation; Order Granting Approval to Proposed Supplement to Options Disclosure Document Regarding FLEX Equity Options

March 2, 2000.

On March 2, 2000, the Options Clearing Corporation ("OCC") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Rule 9b-1 under the Securities Exchange Act of 1934 ("Act"),¹ five definitive copies of a Supplement to its options disclosure document ("ODD"), which describes, among other things, the risks and characteristics of trading in flexibly structure options ("FLEX options"). In particular, the Supplement deletes the discussion of restrictions on exercise price intervals and exercise prices for FLEX equity call options.²

The ODD currently contains general disclosures on the characteristics and risks of trading options on equity securities. The Commission has approved proposals by three options exchanges to remove restrictions on exercise price intervals and exercise prices for FLEX equity call options.³ The proposed Supplement to the ODD deletes the discussion of these restrictions.

The Commission has reviewed the ODD Supplement and finds that it complies with Rule 9b-1 under the Act.⁴ The Supplement is intended to be read in conjunction with the ODD, which discusses the characteristics and risks of options generally. The ODD, along with the Supplement, provides information regarding FLEX options sufficient to describe the special characteristics of these products. Rule 9b-1 provides that an options market must file five preliminary copies of an amended ODD with the Commission at

¹ 17 CFR 240.9b-1.

² See Letter from James C. Yong, First Vice President and General Counsel, OCC, to Katherine A. England, Division of Market Regulation, Commission, dated March 1, 2000.

³ The Commission approved these proposals after the Internal Revenue Service clarified the tax treatment of these options. See Release No. 34-42371 (January 31, 2000), 65 FR 5921 (February 7, 2000) (order approving SR-CBOE-99-63); Release No. 34-42389 (February 7, 2000), 65 FR 8224 (February 17, 2000) (order approving SR-PCX-00-01 and SR-Amex-00-02).

⁴ 17 CFR 240.9b-1.

least 30 days prior to the date definitive copies of the ODD are furnished to customers, unless the Commission determines otherwise, having due regard for the adequacy of information disclosed and the protection of investors.⁵ The Commission has reviewed the Supplement, and finds that it is consistent with the protection of investors and in the public interest to allow the distribution of the Supplement as of the date of this order.

It is therefore ordered, pursuant to Rule 9b-1 under the Act,⁶ that the proposed Supplement regarding FLEX equity options (SR-ODD-00-01) is approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Jonathan G. Katz,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42365A; File No. SR-Phlx-99-46]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Registration of Trading Floor Personnel

March 7, 2000.

In FR Document No. 00-2634, on page 5923 for Monday, February 7, 2000, Column 1, the second line of the text of proposed Phlx Rule 620 was incorrectly stated. The words "*Each Floor Broker, Specialist and*" should appear prior to "*Registered Options Trader.*" Thus, the first portion of the rule should read as follows: "*(a) Trading Floor Member Registration—Each Floor Broker, Specialist and Registered Options Trader on any Exchange trading floor must register * * **"

Jonathan G. Katz,
Secretary.

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⁵ This provision is intended to permit the Commission either to accelerate or extend the time period in which definitive copies of a disclosure document may be distributed to the public.

⁶ 17 CFR 240.9b-1.

⁷ 17 CFR 200.30-3(a)(39).

¹¹ 15 U.S.C. 78f(b)(5).

¹² In approving this rule change, the Commission has considered the proposal's impact on efficiency, competition, and capital formation, consistent with Section 3 of the Act. 15 U.S.C. 78c(f).

¹³ 15 U.S.C. 78s(b)(2).

¹⁴ 17 CFR 200.30-3(a)(12).