

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.

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, 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 NASD. All submissions should refer to SR-NASD-99-68 and should be submitted by January 18, 2000.

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42249; File No. SR-NASD-99-53]

Self-Regulatory Organizations; Notice of Extension of the Comment Period for the Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to the Establishment of the Nasdaq Order Display Facility and Modifications of the Nasdaq Trading Platform

December 17, 1999.

On October 1, 1999, the National Association of Securities Dealers, Inc. ("NASD" or "Association") through its wholly owned subsidiary the Nasdaq Stock Market, Inc. ("Nasdaq") filed with the Securities and Exchange

Commission ("Commission") a proposal relating to the establishment of the Nasdaq Order Display Facility and modifications of the Nasdaq Trading Platform. Notice of the proposed rule change was published for comment on December 6, 1999.¹

To give the public additional time to comment on the proposal, the Commission is extending the comment period to January 11, 2000. A copy of the proposed rule change is available in the Commission's Public Reference Room in File No. SR-NASD-99-53.

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Securities Exchange Act of 1934. Persons making written submissions should file six copies thereof with Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., 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 NASD. All submissions should refer to File No. SR-NASD-99-53 and should be submitted by January 11, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42248; File No. SR-PCX-99-46]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Pacific Exchange, Inc. Relating to the Specialist Evaluation Pilot Program

December 17, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 2, 1999, the Pacific Exchange, Inc. ("PCX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. On December 6, 1999, the Exchange submitted Amendment No. 1 to the proposed rule change.³ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and to grant accelerated approval to the proposal, as amended.

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

The Exchange seeks permanent approval of its Specialist Evaluation Pilot Program.

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 PCX 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 PCX has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Letter from Robert Pacileo, Staff Attorney, PCX, to Richard Strasser, Assistant Director, Division of Market Regulation, Commission, dated December 6, 1999 ("Amendment No. 1"). In Amendment No. 1, the Exchange requested permanent approval of the specialist evaluation pilot program on an accelerated basis.

¹ Securities Exchange Act Release No. 42116 (November 22, 1999), 64 FR 68125.

² 17 CFR 200.30-3(a)(12).

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

On October 1, 1996, the Commission approved a nine month pilot program for evaluating PCX equity specialists using a number of criteria.⁴ On December 22, 1997, the Commission approved a one-year extension of the Exchange's pilot program for the evaluation of equity specialists.⁵ That rule change established an overall score and individual passing scores for specialists, replaced the "Bettering the Quote" criterion with a "Price Improvement" criterion, and lowered the weighting of the "Specialist Evaluation Questionnaire" criterion from 15% to 10%, so that Price Improvement could be given a weight of 10%. Subsequently, on May 8, 1998, the Commission approved an Exchange proposal to codify these changes.⁶ The Commission later approved another one-year extension of the Exchange's pilot program to January 1, 2000.⁷ The program currently measures specialist performance under the following criteria, among others, trading between the quote, executions in size greater than the National Best Bid or Offer, Price Improvement, and answers to specialist evaluation questionnaire.

The Exchange is now proposing to make the program permanent. On October 29, 1999, the Exchange submitted a required report to the Commission responding to particular questions set forth in the December 1997 approval order.⁸ The Exchange

believes that this program is operating successfully and without any problems and, on that basis, the Exchange believes that permanent approval of the Specialist Evaluation Pilot Program is warranted.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b)⁹ of the Act, in general, and furthers the objectives of Section 6(b)(5),¹⁰ in particular, in that it is designed to promote just and equitable principles of trade.

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

The PCX does not believe that the proposed rule change would impose any inappropriate burden on competition.

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

Written comments on the proposed rule change were neither solicited nor received.

III. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposal 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 at the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the PCX. All submissions should refer to File No.

on these specialists, any further action that was taken against these specialists, and any situation in which the restrictions were not imposed due to mitigating circumstances. The report also included the number of specialists for whom formal proceedings were initiated and the results of such proceedings, and the number of registered specialists who scored in the bottom 10% of all registered specialists on his or her trading floor in the overall program.

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

SR-PCX-99-46 and should be submitted by January 18, 2000.

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

The Commission believes that specialists play a crucial role in providing stability, liquidity, and continuity to the trading of stocks. Among the obligations imposed upon specialists under the Act is the maintenance of fair and orderly markets in their designated securities. To ensure that specialists fulfill these obligations, it is important that the Exchange conduct effective oversight of their performance. The Commission believes that the PCX's specialist evaluation program can play an important role regarding to this oversight.

The Exchange's specialist evaluation pilot program has undergone several changes since it was first implemented in 1996. However, the Commission believes that the pilot program in its current form has generated, and will continue to generate, sufficiently, detailed information to enable the Exchange to make accurate assessments of specialist performance. For example, the overall passing score and individual criterion passing scores establish minimum adequate performance thresholds. These thresholds allow the Exchange to identify specialists who are not operating at an acceptable level of performance. In its October 1999 report, the Exchange noted that all specialists attained the overall passing score in the first three quarters of 1999. The report also noted, however, the number of specialists who did not attain a passing score in one or more of the individual criteria for the specified period of time (e.g., four out of five quarters). The report specified the restrictions placed on the failing specialists (e.g., no new allocations).

For the reasons discussed above, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations under the Act applicable to a national securities exchange and, in particular, with the requirements of Section 6(b)¹¹ of the Act. Specifically, the Commission believes the proposal is consistent with the Section 6(b)(5)¹² requirement that the rules of an exchange be designed to facilitate transaction in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. The criteria used to assess the

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

⁴ See Exchange Act Release No. 37770 (October 1, 1996), 61 FR 52820 (October 8, 1996).

⁵ See Exchange Act Release No. 39477 (December 22, 1997), 62 FR 68334 (December 30, 1997).

⁶ See Exchange Act Release No. 39976 (May 8, 1998), 63 FR 26834 (May 14, 1998).

⁷ See Exchange Act Release No. 40817 (December 21, 1998), 63 FR 71993 (December 30, 1998).

⁸ The December 1998 approval order required the Exchange to submit a report containing the information described in the December 1997 order. See Release No. 40817, *supra* note 6. The December 1997 approval order requested a report containing data on (1) the number of specialists who, as a result of failing the overall passing score in any one quarterly evaluation, appeared before the Equity Allocation Committee ("EAC"); (2) the number of specialists who, as a result of failing the overall passing score in any three out of four quarters, appeared before the EAC; (3) the number of specialists who, as a result of failing any individual criterion passing score for at least two consecutive quarters, appeared before the EAC; (4) the number of specialists who, as a result of scoring in the bottom 10% in any one quarterly evaluation, appeared before the EAC; and (5) the number of specialists who, as a result of scoring in the bottom 10% in any two out of four consecutive quarterly evaluations, appeared before the EAC. The report included any type of restrictions that were imposed

performance of PCX equity specialists (e.g., price improvement and trading in size greater than the NBBO) are appropriate means of helping to determine whether a PCX equity specialist in performing its specialist duties to maintain a fair and orderly market.¹³

Further, the Commission finds that the proposal is consistent with the Act, particularly section 11(b)¹⁴ of the Act and Rule 11b-1¹⁵ under the Act, which allows securities exchanges to permit exchange members to register as specialists, providing that the exchange requires the specialist to assist in maintaining a fair and orderly market. As discussed, the means PCX has chosen to assess those duties and the means of sanctioning specialists who fail to meet their obligations (e.g., restrictions on further stock allocations) are appropriate and consistent with the Act.

The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of the filing in the **Federal Register**. The Exchange has stated that the program is operating successfully and without any problems. Accelerated approval will permit the Specialist Evaluation program to continue on an uninterrupted basis. In addition, the rule change that implemented the pilot program in its current form and the rule change that subsequently extended pilot program were noticed for the full statutory period and the Commission received no comments on the proposed rule changes. Accordingly, the Commission does not believe that the current filing raises any regulatory issues not raised in the previous filings.

It is therefore ordered, pursuant to Section 19(b)(2)¹⁶ of the Act, that the proposed rule change (SR-PCX-99-46), as amended, is approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁷

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-33636 Filed 12-27-99; 8:45]

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¹³ 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).

¹⁴ 15 U.S.C. 78k(b).

¹⁵ 17 CFR 240.11b-1.

¹⁶ 15 U.S.C. 78s(b)(2).

¹⁷ CFR 200.30-3(a)(12).

DEPARTMENT OF STATE

[Public Notice 3174]

Advisory Committee on International Communications and Information Policy; Meeting Notice

The Department of State is announcing the next meeting of its Advisory Committee on International Communications and Information Policy. The Committee provides a formal channel for regular consultation and coordination on major economic, social and legal issues and problems in international communications and information policy, especially as these issues and problems involve users of information and communication services, providers of such services, technology research and development, foreign industrial and regulatory policy, the activities of international organizations with regard to communications and information, and developing country interests.

The purpose of the meeting will be for the members to look at the substantive issues on which the committee should focus, as well as specific countries and regions of interest to the committee. In addition, the Committee members will review the activities of the various working groups of the Advisory Committee.

This meeting will be held on Thursday, January 20, 2000, from 9:30 a.m.-12:30 p.m. in Room 1107 of the Main Building of the U.S. Department of State, located at 2201 "C" Street, N.W., Washington, D.C. 20520. Members of the public may attend these meetings up to the seating capacity of the room. While the meeting is open to the public, admittance to the State Department Building is only by means of a pre-arranged clearance list. In order to be placed on the pre-clearance list, please provide your name, title, company, social security number, date of birth, and citizenship to Timothy C. Finton at <fintontc@state.gov>. All attendees for this meeting must use the 23rd Street entrance. One of the following valid ID's will be required for admittance: Any U.S. driver's license with photo, a passport, or a U.S. Government agency ID. Non-U.S. Government attendees must be escorted by State Department personnel at all times when in the State Department building.

For further information, contact Timothy C. Finton, Executive Secretary of the Committee, at (202) 647-5385 or <fintontc@state.gov>.

Dated: December 20, 1999.

Timothy C. Finton,

Executive Secretary of the Advisory Committee on International Communications and Information Policy, U.S. Department of State.

[FR Doc. 99-33651 Filed 12-27-99; 8:45 am]

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DEPARTMENT OF STATE

[Public Notice No. 3185]

Shipping Coordinating Committee; Subcommittee on Safety of Life at Sea and Associated Bodies; Notice of Meeting

The Shipping Coordinating Committee will conduct an open meeting at 10 A.M. on Wednesday, January 19, 2000, in Room 6319, at U.S. Coast Guard Headquarters, 2100 Second Street, SW, Washington, DC 20593-0001. The purpose of the meeting is to finalize preparations for the Flag State Implementation (FSI) Subcommittee of the International Maritime Organization (IMO) which is scheduled for January 24-28, 2000, at the IMO Headquarters in London. At this meeting, the U.S. position on documents submitted for consideration at the eighth session of the FSI Subcommittee will be discussed.

Among other things, the items of particular interest are:

1. Responsibilities of Governments and measures to encourage flag State compliance;
2. Comprehensive analysis of difficulties encountered in the implementation of IMO instruments;
3. Self-assessment of flag State performance;
4. Implications arising when a vessel loses the right to fly the flag of a State;
5. Revision of Survey Guidelines (A.746(18)) and Guidelines on Surveys (A.560(14));
6. Guidelines for unscheduled inspections of roll-on/roll-off (ro-ro) passenger vessels;
7. Introduction of the Harmonized System of Survey and Certification (HSSC) into MARPOL Annex VI on prevention of air pollution;
8. Analysis and evaluation of deficiency reports and mandatory reports under the International Convention for the Prevention of Marine Pollution from Ships 1973, as modified by the Protocol of 1978 (MARPOL 73/78);
9. Casualty statistics and investigations;
10. Regional cooperation on port State control;
11. Results of inspections; and,
12. Mandatory reporting procedures on port State control detentions.