

Since approval, these standards have operated on a pilot basis and are currently scheduled to terminate on July 9, 2001. Nasdaq originally selected the July 9, 2001, termination date of its Manning pilot to coincide with deadline for submitting rule filings related to decimalization contained in the Commission's June 8, 2000 Order directing the submission of a Decimals Implementation Plan For the Equities and Options Markets (Implementation Plan or Plan).<sup>8</sup>

Subsequent to the Interpretation pilot's approval, the Commission extended the deadline for the submission of decimal-related rule filing to November 5, 2001.<sup>9</sup> As such, Nasdaq has determined to seek an extension of its current Manning Interpretation pilot until that date. Nasdaq believes that such an extension will provide needed additional time for Nasdaq and the Commission to analyze data and the many complex issues related to customer limit order protection in a decimalized Nasdaq.

## 2. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the provisions of section 15A(b)(6) of the Act<sup>10</sup> in that it is designed to: (1) Promote just and equitable principles of trade; (2) foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to and facilitating transactions in securities; (3) perfect the mechanism of a free and open market and a national market system; and (4) protect investors and the public interest.

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

Nasdaq does not believe that the proposed rule change will 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 were neither solicited or received.

<sup>8</sup> SmallCap) at the outset of decimal pricing is \$0.01. As such, Nasdaq displays priced quotations to two places beyond the decimal point (to the penny). Quotations submitted to Nasdaq that do not meet this standard are rejected by Nasdaq systems. See Securities Exchange Act Release No. 43876 (January 23, 2001) 66 FR 8251 (January 30, 2001).

<sup>9</sup> See Securities Exchange Act Release No. 42914 (June 8, 2000), 65 FR 38010 (June 19, 2000).

<sup>10</sup> See Securities Exchange Act Release No. 44336 (May 22, 2001), 66 FR 29368 (May 30, 2001).

<sup>11</sup> 15 U.S.C. 78o-3.

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

Because the foregoing proposed rule change does not:

- (i) significantly affect the protection of investors or the public interest;
- (ii) impose any significant burden on competition; and
- (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to section 19(b)(3)(A) of the Act<sup>11</sup> and Rule 19b-4(f)(6) thereunder.<sup>12</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 purposes of the Act.

Nasdaq has requested the Commission waive both the 5-day notice and 30-day pre-operative requirements contained in Rule 19b-4(f)(6)<sup>13</sup> and has requested that the Commission accelerate the operative date. The Commission finds good cause to designate the proposal to become operative immediately because such designation is consistent with the protection of investors and the public interest. Acceleration of the operative date will allow the pilot to continue uninterrupted through November 5, 2001, the deadline for which self-regulatory organizations must file proposed rule changes to set the minimum price variation for quoting in a decimals environment. For these reasons, the Commission finds good cause to designate that the proposal is both effective and operative upon filing with the Commission.<sup>14</sup>

## IV. Solicitation of Comments

Interested persons are invited to submit written date, 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, 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

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(6).

<sup>13</sup> *Id.*

<sup>14</sup> For purposes only of accelerating the operative date of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

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 Nasdaq. All submissions should refer to file number SR-NASD-2001-43 and should be submitted by August 6, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>15</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 01-17710 Filed 7-13-01; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44533; File No. SR-Phlx-00-20]

### **Self-Regulatory Organizations; Notice of Filing of Amendment No. 1 to a Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Trading Certain Over-the-Counter Securities**

July 10, 2001.

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 November 16, 2000, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule change regarding the trading of certain over-the-counter ("OTC") securities. Notice of the proposed rule change was published in the **Federal Register** on December 14, 2000.<sup>3</sup> On May 14, 2001, the Exchange submitted Amendment No. 1 to 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, as amended by Amendment No. 1, from interested persons.

<sup>15</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> Securities Exchange Act Release No. 43692 (December 8, 2000), 65 FR 78240.

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

The Phlx proposes to trade certain OTC securities, Nasdaq National Market ("Nasdaq/NM") securities, on the Exchange, pursuant to unlisted trading privileges ("UTP") under Section 12(f) of the Act.<sup>4</sup> As discussed in the original notice, minor changes to Phlx rules are necessary to accommodate such trading, including a revision to the term "Nasdaq/NM securities," and the addition of a reference to handheld orders received from a floor broker on the floor of the Exchange to Phlx Rule 233(b).

In Amendment No. 1, the Exchange proposes to amend the application of the odd-lot rules to Nasdaq/NM securities and to add provisions relating to the allocation of Nasdaq/NM securities to specialist on a pilot basis. The text of the proposed rule change, including Amendment No. 1, is available at the Office of the Secretary, the Phlx, and at the Commission.

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

In 1992, the Commission approved on a pilot basis a Phlx proposal to permit the trading of Nasdaq/NM securities on the Exchange pursuant to UTP ("Phlx OTC/UTP Pilot Program" or "Pilot").<sup>5</sup> The Phlx began trading Nasdaq/NM securities pursuant to the Pilot in February 1993. The effectiveness of the Pilot was extended four times<sup>6</sup> before the Phlx determined to cease trading such securities pending reorganization

of its OTC/UTP program as a whole. The Phlx OTC/UTP Pilot Program expired on February 12, 1996. The Phlx intends to reinstate OTC/UTP trading in Nasdaq/NM securities in the near future, and, thus, seeks reinstatement of the Phlx OTC/UTP Pilot Program. Such reinstatement requires no changes to Phlx rules except as stated herein, since various rules implicated by OTC/UTP trading were amended in connection with the original Phlx OTC/UTP Pilot Program.

Reinstatement of the Phlx OTC/UTP Pilot Program will enable the trading of Nasdaq/NM securities Phlx specialists. The Phlx proposes to reinstate the Pilot for a six-month period.<sup>7</sup> Initially, Phlx specialists will be provided with quotation generation capability, as well as the ability to manually enter and execute orders through a separate system designed by a third party vendor, TradinGear, separate from the Exchange's PACE System.<sup>8</sup>

In this regard, the Phlx proposes to trade these securities pursuant to its equity rules, where applicable. The following series of provisions that continue to appear in Phlx rules specifically reference Nasdaq/NM securities and are outlined more fully below. They include Phlx Rules 102; 105, Supplementary Material .01; 226; 233; 455 and 606.

- Phlx Rule 102: Specifies that all Nasdaq/NM securities transactions must be conducted during the applicable Exchange trading floor hours.
- Phlx Rule 105: Includes language requiring that in the event of unusual market conditions, as determined by the Floor Procedure Committee, quotations in a given issue will not be subject to firmness provided that the Exchange notifies the processor of Nasdaq/NM securities.
- Phlx Rule 226: Incorporates Nasdaq/NM securities into the rule dealing with round-lot orders.
- Phlx Rule 233: Enables the Exchange to trade Nasdaq/NM securities pursuant to UTP.
- Phlx Rule 455: Exempts Nasdaq/NM securities from the short sale rule.
- Phlx Rule 606: Enables access by telephone or any other such access as

may be established between the Exchange and the Nasdaq system to the Phlx assigned specialist for any Nasdaq system market maker.

In addition, the Exchange proposes to amend Phlx Rule 225 ("Odd Lot Orders in Nasdaq/NM Securities and Securities for Which the Exchange is the Primary Market") to delete the reference to Nasdaq/NM securities. By deleting this reference, odd-lot orders for Nasdaq/NM securities will be governed by Phlx Rule 227 as amended ("Odd Lot Orders in Securities for Which Another Exchange is the Primary Market and in Nasdaq/NM Securities"), which states specifically, in new paragraph (b), the execution parameters for odd-lot market and limit orders in Nasdaq/NM Securities. According to proposed Phlx Rule 227(b), odd-lot market orders would be executed at a price equal to or better than the best bid disseminated pursuant to SEC Rule 11Ac1-1<sup>9</sup> on a sell order, or the best offer disseminated pursuant to SEC Rule 11Ac1-1<sup>10</sup> on a buy order, which would be in effect at the time the order is presented at the specialist post. Odd-lot limit orders in Nasdaq/NM securities would be executed at the limit price or better when the consolidated best bid or offer disseminated pursuant to SEC Rule 11Ac1-1<sup>11</sup> is at the limit price on a sell or buy order respectively.<sup>12</sup>

Finally, the Exchange proposes to add a new rule, Phlx Rule 516, which will govern the allocation of the Nasdaq/NM securities to specialists. Specifically, the proposed rule would permit the Equity Allocation, Evaluation and Securities Committee ("Committee") to solicit and allocate each Nasdaq/NM security to a specialist on a six-month pilot basis (or such shorter period as determined by the Committee). At the expiration of the pilot period, the Committee would resolicit specialists for the security. During the resolicitation period, the existing specialist would receive a preference in the allocation process.<sup>13</sup> The allocation criteria of Phlx Rule 511(b) would apply to each applicant, however the 90-day evaluation procedure of Phlx Rule 511 would not automatically apply, but could be invoked by the Exchange in its discretion. This provision is intended to coincide with its vendor contract as well as enable the Committee to resolicit

<sup>7</sup> The current number of Nasdaq/NM securities that may be traded on an unlisted trading privileges basis is 1,000 securities. See Securities Exchange Act Release No. 41392 (May 12, 1999), 64 FR 27839 (May 21, 1999).

<sup>8</sup> PACE is the Exchange's Automated Communication and Execution System. PACE provides a system for the automatic execution of orders on the Exchange equity floor under predetermined conditions. See generally Phlx Rule 229 which includes the ability, if available, to use PACE as an order delivery system for Nasdaq/NM securities.

<sup>9</sup> 17 CFR 240.11Ac1-1.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> For a similar rule, see Chicago Stock Exchange Article XXXI, Rule 9.

<sup>13</sup> This is similar to an existing Phlx provision respecting foreign currency option specialists who apply to trade their option during a different trading hours segment.

<sup>4</sup> 15 U.S.C. 78l.

<sup>5</sup> See Securities Exchange Act Release No. 31672 (December 30, 1992), 58 FR 3054 (January 7, 1993).

<sup>6</sup> Most recently, the Pilot was extended through February 12, 1996. See Securities Exchange Act Release No. 36087 (August 10, 1995), 60 FR 42637 (August 16, 1995).

such securities more widely, because this program represents a new business for the Exchange (albeit a re-entry) as well as a new technology platform.

## 2. Statutory Basis

The Exchange believes that reinstatement of the Phlx OTC/UTP Pilot Program with the above-noted changes is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, including sections 6(b)(5),<sup>14</sup> 11A<sup>15</sup> and 12(f)<sup>16</sup> of the Act. Specifically, the Phlx believes that the proposed rule change, as amended, is consistent with section 6(b)(5)<sup>17</sup> of the Act, because permitting Phlx specialists to trade Nasdaq/NM securities should promote just and equitable principles of trade and facilitate transactions in securities, thereby removing impediments to and perfecting the mechanism of a free and open market in a manner consistent with the protection of 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 inappropriate burden on competition.

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

No written comments were either solicited or received.

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

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the PHLX consents, the Commission will:

A. by order approve such proposed rule change, or

B. institute proceedings to determine whether the proposed rule change should be disapproved.<sup>18</sup>

<sup>14</sup> 15 U.S.C. 78f(b)(5).

<sup>15</sup> 15 U.S.C. 78k-1.

<sup>16</sup> 15 U.S.C. 78l.

<sup>17</sup> 15 U.S.C. 78f(b)(5).

<sup>18</sup> The Commission notes that the Exchange has requested accelerated approval of Amendment No. 1 to the proposed rule change.

## IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change, as amended, 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 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-00-20 and should be submitted July 31, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>19</sup>

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

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## SOCIAL SECURITY ADMINISTRATION

### Agency Information Collection Activities: Comment Request

The Social Security Administration (SSA) publishes a list of information collection packages that will require clearance by the Office of Management and Budget (OMB) in compliance with Pub. L. 104-13 effective October 1, 1995, The Paperwork Reduction Act of 1995. SSA is soliciting comments on the accuracy of the agency's burden estimate; the need for the information; its practical utility; ways to enhance its quality, utility and clarity; and on ways to minimize burden on respondents, including the use of automated collection techniques or other forms of information technology.

Written comments and recommendations regarding the information collection(s) should be submitted to the OMB Desk Officer and

the SSA Reports Clearance Officer at the following addresses:

(OMB)

Office of Management and Budget,  
Attn: Desk Officer for SSA, New  
Executive Office Building, Room 10230,  
725 17th St., NW., Washington, DC  
20503

(SSA)

Social Security Administration,  
DCFAM, Attn: Frederick W.  
Brickenkamp, 1-A-21 Operations Bldg.,  
6401 Security Blvd., Baltimore, MD  
21235

The information collections listed below have been submitted to OMB for clearance. Your comments on the information collections would be most useful if received by OMB and SSA within 30 days from the date of this publication. You can obtain a copy of the OMB clearance packages by calling the SSA Reports Clearance Officer on (410) 965-4145, or by writing to him at the address listed above.

1. Chinese Custom Marriage Statement; Statement Regarding Marriage—0960-0086. The information collected on Forms SSA-1344 and SSA-1345 is used to determine whether the spouse/claimant is (or was) legally married to the numberholder for the purpose of paying Social Security Benefits. The respondents are individuals who were married in a Chinese custom marriage.

	SSA-1344	SSA-1345
Number of Respondents .....	10	10
Frequency of Response .....	1	1
Average Burden Per Response (in minutes) ...	14	14
Estimated Annual Burden (in hours) .....	2.3	2.3

2. State Agency Ticket Assignment Form—0960-NEW. The information collected on this form will be used by SSA's contracted Program Manager (PM) to perform the task of assigning beneficiaries' tickets and monitoring the use of tickets under the Ticket to Work and Self-Sufficiency Program. The State Vocational Rehabilitation (VR) agency answers the questions and the beneficiary reviews the data and if in agreement will sign the form acknowledging their Ticket assignment. The respondents are State VR agencies.

*Number of Respondents:* 21.

*Frequency of Response:* 4,048 annually per respondent.

<sup>19</sup> 17 CFR 200.30-3(a)(12).