

members by providing members with the opportunity to more efficiently use their collateral. More important from a regulatory perspective, however, is that cross-margining programs have long been recognized as enhancing the safety and soundness of the clearing system itself. Studies of the October, 1987 market crash gave support to the concept of cross-margining. For example, The Report of the President's Task Force on Market Mechanisms (January 1988) noted that the absence of a cross-margining system for futures and securities options markets contributed to payment strains in October, 1987. The Interim Report of the President's Working Group on Financial Markets (May 1988) also recommended that the SEC and CFTC facilitate cross-margining programs among clearing organizations. This resulted in the first cross-margining arrangement between clearing organizations which was approved in 1988.¹¹

GSCC believes that the proposed rule change is consistent with the requirements of section 17A of the Act¹² and the rules and regulations thereunder applicable to GSCC because it will provide members with significant benefits such as greater liquidity and more efficient use of collateral in a prudent manner and will enhance GSCC's overall risk management process.

(B) Self-Regulatory Organization's Statement on Burden on Competition

GSCC does not believe that the proposed rule change will have any impact or impose any burden on competition.

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

Written comments relating to the proposed rule change have not yet been solicited or received. GSCC will notify the Commission of any written comments received by GSCC.

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

Within thirty-five 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 ninety 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 self-regulatory organization 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.

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 Section, 450 Fifth Street, N.W., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of GSCC.

All submissions should refer to File No. SR-GSCC-2001-03 and should be submitted by September 26, 2001.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹³

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01-22713 Filed 9-10-01; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44760; File No. SR-Phlx-2001-79]

Self Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. To Increase the Number of Options Included in Its Pilot Program To Disengage Its Automatic Execution System ("AUTO-X") for a Period of Thirty Seconds After the Number of Contracts Automatically Executed in a Given Option Meets the AUTO-X Minimum Guarantees for That Option

August 31, 2001.

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 August 21, 2001, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II 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, for the duration of the six-month pilot, which expires on November 30, 2001.

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

The Phlx proposes to expand the number of options eligible for inclusion in its pilot effecting a system change to the Exchange's Automated Options Market ("AUTOM") System,³ whereby AUTO-X is disengaged for a period of thirty seconds after the number of contracts automatically executed in a given option meets the AUTO-X minimum guarantee for that option. The pilot currently includes up to 100 option classes, subject to the approval of the Options Committee. The Phlx

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ AUTOM is the Exchange's electronic order delivery and reporting system, which provides for the automatic entry and routing of equity option and index option orders to the Exchange trading floor. Orders delivered through AUTOM may be executed manually, or certain orders are eligible for AUTOM's automatic execution feature, AUTO-X. Equity option and index option specialists are required by the Exchange to participate in AUTOM and its features and enhancements. Option orders entered by Exchange members into AUTOM are routed to the appropriate specialist unit on the Exchange trading floor.

¹¹ Securities Exchange Act Release No. 26153 (October 3, 1988), 53 FR 39567 (October 7, 1988) [File No. SR-OCC-86-17] (order approving cross-margining program between The Options Clearing Corporation and The Intermarket Clearing Corporation).

¹² 15 U.S.C. 78q-1.

¹³ 17 CFR 200.30-3(a)(12).

proposes to expand the amount of options eligible for the pilot to include all Exchange-traded options on a floor-wide basis,⁴ subject to the approval of the Options Committee.⁵

The pilot program was originally approved by the Commission on December 1, 2000 on a six-month pilot basis,⁶ and the approval was subsequently renewed on May 29, 2001 for an additional six-month period.⁷

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 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 III 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

The purpose of the proposed rule change is to expand the number of options eligible for inclusion in the pilot from the current amount of up to 100 options to include all Exchange-traded options on a floor-wide basis, subject to the approval of the Options Committee, for the duration of the pilot, which is scheduled to expire on November 30, 2001.

The pilot program includes the following features:

- Once an automatic execution occurs via AUTO-X in an option, the system would begin a "counting" program, which would count the number of contracts executed automatically for that option, up to the AUTO-X

guarantee, regardless of the number of executions.

- When the number of contracts executed automatically for that option meets the AUTO-X guarantee within a fifteen second time frame, the system would cease to automatically execute for that option, and would drop all AUTO-X eligible orders in that option for manual handling by the specialist for a period of thirty seconds to enable the specialist to refresh quotes in that option.⁸

- Upon the expiration of thirty seconds, automatic executions would resume and the "counting" program would be set to zero and begin counting the number of contracts executed automatically within a fifteen second time frame again, up to the AUTO-X guarantee.

- Again, when the number of contracts automatically executed meets the AUTO-X guarantee within a fifteen second time frame, the system would drop all subsequent AUTO-X eligible orders for manual handling by the specialist for a period of thirty seconds.

A significant purpose of this pilot is to enable the Exchange to move towards the dissemination of options quotations with size.⁹ The "counting" feature of the pilot functions to disengage AUTO-X for a period of thirty seconds in a given option once the number of contracts automatically executed meets the AUTO-X guarantee for that option within a fifteen-second time frame. A similar "counting" mechanism is expected to be utilized upon the implementation of the systems necessary for the dissemination of options quotations with size. Thus, the pilot should allow the Exchange to continue its efforts in the process of moving towards the implementation of quotations with size.

The Exchange believes that the pilot will enable specialists in the options included in the pilot to continue to provide fair and orderly markets during peak market activity by manually

executing orders at correct market prices and refreshing quotations to reflect market demand. The Exchange proposes to expand the number of options eligible for inclusion in the pilot to all Exchange traded options on a floor-wide basis to further enable the Exchange to prepare for, and ascertain the readiness of its systems for, the eventual floor-wide dissemination of options quotations with size. The Exchange represents that any option(s) approved for inclusion in the pilot will be posted on the Exchange's web site.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6 of the Act¹⁰ in general, and with section 6(b)(5) in particular,¹¹ in that it is designed to perfect the mechanism of a free and open market and a national market system, protect investors and the public interest and promote just and equitable principles of trade by enabling the Exchange to prepare for the dissemination of option quotes with size and by enabling Exchange specialists to maintain fair and orderly markets during periods of peak market activity.

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

The Exchange did not receive or solicit any written comments on 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 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, 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

⁴ According to the Exchange, this would include all index, equity, and foreign currency options. Telephone conversation between Richard S. Rudolph, Counsel, Phlx, and Deborah L. Flynn, Assistant Director, Division of Market Regulation ("Division"), Commission, on August 31, 2001.

⁵ The Exchange notes that participation in the pilot is not mandatory. Specialists may request inclusion of a particular option or options in the pilot program, subject to the approval of the Options Committee. The instant proposal would simply expand the list of options eligible for the pilot to include all Exchange-traded options.

⁶ See Securities Exchange Act Release No. 43652 (December 1, 2000), 65 FR 77059 (December 8, 2000) (SR-Phlx-00-96) ("Initial Pilot Program").

⁷ See Securities Exchange Act Release No. 44362 (May 29, 2000), 66 FR 30037 (June 4, 2000) (SR-Phlx-2001-56).

⁸ Any orders delivered in excess of the maximum AUTO-X guarantee will be executed to the guaranteed amount and the excess will be kicked out of the system for manual handling by the specialist. See Initial Pilot Program, *supra* note 6.

⁹ Currently, the size of any disseminated bid or offer by the Exchange is equal to the AUTO-X guarantee for the quoted option, except that the disseminated size of bids and offers of limit orders on the book is ten contracts and must be firm regardless of the actual size of such orders. See Exchange Options Floor Procedure Advice F-7. The Exchange has established this rule setting forth the size for which its quotes are firm, and periodically publishes that size in accordance with recently amended Rule 11Ac1-1 under the Act ("Quote Rule"). See Securities Exchange Act Release No. 44145 (April 2, 2001), 66 FR 18662 (April 10, 2001) (File No. SR-Phlx-2001-37).

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

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 Exchange. All submissions should refer to the File No. SR-Phlx-2001-79 and should be submitted by October 2, 2001.

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

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.¹² In particular, the Commission finds that the proposed rule change is consistent with section 6(b)(5) of the Act, which requires that the rules of an exchange be designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national securities system, and protect investors and the public interest.¹³ The Commission believes that increasing the number of options included in the pilot to all Exchange-traded options floor-wide, subject to approval of the Options Committee, should help the Exchange to test its systems in preparing for the dissemination of its options quotes with size. In addition, the Commission believes that the proposal may assist specialists in maintaining fair and orderly markets during periods of peak market activity.

The Commission notes that during the six months of the Initial Pilot Program and since the pilot's renewal for an additional six-month period, the Phlx has received no complaints from customers, floor traders, or member firms. The Exchange also clarified that orders will not be executed at an inferior price simply because they are routed to the specialist for manual handling. Rather, the orders will be handled in a manner consistent with the Exchange's rules on priority, parity, and precedence and in compliance with the SEC's Quote Rule and Phlx Rule 1082 ("Firm Quotations").

The Commission notes that the Exchange has represented that it will continue to evaluate the pilot by reviewing specialists' performance in the selected options, and by monitoring

any complaints relating to the pilot program.¹⁴ Furthermore, the Commission notes that the Exchange has represented that it will continue to post on its website a list of options included in the pilot, as well as issue a circular to this effect to members, member organizations, participants, and participant organizations explaining the pilot program and the circumstances in which the Auto-X system will not be available for customer orders.¹⁵

Finally, the Commission finds good cause, pursuant to section 19(b)(2) of the Act,¹⁶ for approving the proposed rule change prior to the thirtieth day after the date of publication of notice thereof in the **Federal Register**. The Commission believes that granting accelerated approval will enable the Exchange to increase the number of options included in its pilot, for the duration of the six-month period commencing on May 29, 2001, without undue delay and without interrupting the existing operation of its Auto-X system.

V. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,¹⁷ that the proposed rule change (SR-Phlx-2001-79) is hereby approved on an accelerated basis, for the duration of the six-month pilot, scheduled to expire on November 30, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁸

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01-22674 Filed 9-10-01; 8:45 am]

BILLING CODE 8010-01-M

¹⁴ Telephone conversation between Richard S. Rudolph, Counsel, Phlx, and Sonia Patton, Attorney, Division, Commission, on August 31, 2001.

¹⁵ *Id.* Phlx also represented that it would include language in its circular clarifying that Auto-X will not be re-engaged until the expiration of the thirty-second period, even after a quote is revised, and that the Exchange is considering revising that practice prior to seeking permanent approval of the pilot program. Telephone conversation between Richard S. Rudolph, Counsel, Phlx, and Sonia Patton, Attorney, Division, Commission, on August 31, 2001.

¹⁶ 15 U.S.C. 78s(b)(2).

¹⁷ *Id.*

¹⁸ 17 CFR 200.30-3(a)(12).

DEPARTMENT OF STATE

[Public Notice 3773]

Culturally Significant Objects Imported for Exhibition Determinations: "Cleopatra of Egypt: From History to Myth"

DEPARTMENT: United States Department of State.

ACTION: Notice.

SUMMARY: Notice is hereby given of the following determinations:

Pursuant to the authority vested in me by the Act of October 19, 1965 (79 Stat. 985, 22 U.S.C. 2459), the Foreign Affairs Reform and Restructuring Act of 1998 (112 Stat. 2681 *et seq.*), Delegation of Authority No. 234 of October 1, 1999 (64 FR 56014), Delegation of Authority No. 236 of October 19, 1999 (64 FR 57920), as amended by Delegation of Authority No. 236-3 of August 28, 2000 (65 FR 53795), and Delegation of Authority dated June 29, 2001, I hereby determine that the objects to be included in the exhibit, "Cleopatra of Egypt: From History to Myth," imported from abroad for the temporary exhibition without profit within the United States, are of cultural significance. These objects are imported pursuant to loan agreements with foreign lenders. I also determine that the temporary exhibition or display of the exhibit objects at The Field Museum, Chicago, Illinois, from on or about October 20, 2001, to on or about March 3, 2002, and other possible venues yet to be determined, is in the national interest. Public Notice of these determinations is ordered to be published in the **Federal Register**.

FOR FURTHER INFORMATION CONTACT: For further information, including a list of exhibit objects, contact Paul W. Manning, Attorney-Adviser, Office of the Legal Adviser, 202/619-5997, and the address is United States Department of State, SA-44, Room 700, 301 4th Street, SW., Washington, DC 20547-0001.

Dated: August 30, 2001.

Helena Kane Finn,

Acting Assistant Secretary for Educational and Cultural Affairs, Department of State.

[FR Doc. 01-22768 Filed 9-10-01; 8:45 am]

BILLING CODE 4710-08-U

¹² In approving this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹³ 15 U.S.C. 78f(b)(5).