

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

Currently, Advice A-1 ("Responsibility of Displaying Best Bid and Offer Prices Established on the Equity Floor") requires specialists to use due diligence to ensure proper and timely display of bids and offers respecting primary issues. For secondary issues, this requirement applies where the bid or offer is equal to or better than the national best bid or offer ("NBBO"). Advice A-1 pre-dates SEC Rule 11Ac1-4³ which imposed new display requirements for "reported securities" and any other security for which a transaction report, last sale data or quotation information is disseminated through an automated quotation system as described in Section 3(a)(51)(A)(ii) of the Act. Since primary stock issues assigned to specialists on regional exchanges are not subject to this requirement, the proposed rule change would amend Advice A-1 only with respect to secondary issues that are traded pursuant to unlisted trading privileges ("UTP"). The proposed change would amend Advice A-1 to provide that the display requirement for secondary issues is the Commission's display rule, which requires specialists, subject to certain exceptions, to display not only those orders that are at or better than the NBBO, but also those that improve the specialist's quote or add 10% or more to the specialist's quote when the quote is the NBBO.⁴

Currently, Advice A-1 contains a fine schedule, which is administered pursuant to the Exchange's minor rule violation enforcement and reporting plan.⁵ The proposed amendment would

also delete the reference to a minimum number of occurrences and would refer violations to the Business Conduct Committee for both primary and secondary issues.

The proposed rule change is consistent with Section 6 of the Act in general, and in particular, with Section 6(b)(5), in that it is designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts and practices, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, as well as to protect investors and the public interest, in that it requires specialists to provide enhanced information regarding orders to the market by revising Advice A-1 to correspond to SEC Rule 11Ac1-4.

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

The Phlx 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 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 proposal is

discipline and abbreviated reporting; Rule 19d-1(c)(1) requires prompt filing with the Commission of any final disciplinary action. However, minor rule violations not exceeding \$2,500 are deemed not final, thereby permitting periodic, as opposed to immediate, reporting.

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. 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, NW, Washington, DC 20549. 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-98-24 and should be submitted by November 12, 1998.

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

Margaret H. McFarland,

Deputy Secretary.

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DEPARTMENT OF STATE

[Public Notice: 2909]

Agreement on Scientific and Technological Cooperation; Collaborative Projects Request

AGENCY: Bureau of Oceans and International Environmental and Scientific Affairs, State.

ACTION: Notice.

SUMMARY: This announcement is a second call for collaborative projects under the Agreement on Scientific and Technological Cooperation for the purposes of encouraging and supporting cooperation between the United States and Spain. Proposals submitted will undergo peer review by both countries and will be approved or disapproved by the Joint Commission.

EFFECTIVE DATE: October 9, 1998.

FOR FURTHER INFORMATION CONTACT: Ms. Shauntia Rodney, Program Officer, Office of Science and Technology Cooperation, Bureau of Oceans and International Environmental and Scientific Affairs, Department of State—Tel # (202) 647-2245, Fax # (202) 647-2746, or

The Commission for Cultural Educational and Scientific Exchange

³The limit order display rule was adopted by the SEC as part of its Order Handling Rules. See Securities Exchange Act Release No. 37619A (September 6, 1996), 61 FR 48290 (September 12, 1996) ("Order Handling Rules Adopting Release"); amended in Securities Exchange Act Release No. 38139 (January 8, 1997), 62 FR 1385 (January 10, 1997).

⁴In the Order Handling Rules Adopting Release, the Commission stated that a customer limit order should be considered *de minimis* if it is less than or equal to 10% of the displayed size associated with a specialist's bid or offer. If a customer limit order is *de minimis*, the specialist does not need to add that order to his quote. See Order Handling Rules Adopting Release, *supra* note 3, at not 177 and accompanying text. For this reason, the Exchange is requiring a specialist to display only those customer orders that add 10% or more to the size of the specialist's quote.

⁵The Phlx's minor rule violation enforcement and reporting plan ("minor rule plan"), codified in Phlx Rule 970, contains floor procedure advices with accompanying fine schedules. SEC Rule 19d-1(c)(2) authorizes national securities exchanges to adopt minor rule violation plans for summary

between the United States of America and Spain, Paseo Gral. Martinez Campos, 24, 28080 Madrid, 34-91-308-2436, or via E-Mail at postmaster@comision.fulbright.es, or postmaster@comision-fulbright.org. The Commission maintains a web-site on this and other programs at <http://www.fulbright.es/welcome.html>.

SUPPLEMENTARY INFORMATION:

Authority

This program is established under the Agreement for Scientific and Technological Cooperation between the Government of the United States and the Government of Spain.

A solicitation for this program began September 1, and will continue until the closing date of December 1, 1998. The Department of State and the Foreign Ministry of Spain announce the second call for collaborative projects under the Agreement on Scientific and Technological Cooperation, which entered into force in 1996. The purpose of the Agreement is to encourage and support scientific and technological cooperation between the United States and Spain. Grants under this project call, that are approved by the Joint Commission on Scientific and Technological Cooperation will assist with the costs for international collaboration between research teams from science agencies and universities of the two countries. Basic research costs must be funded from other sources. Costs supported will normally not exceed \$30,000 in the first year; a renewal may be requested under a later project call.

Basic Terms

The funds available to the Joint Commission as described in Article VII(2) of the Agreement, are being used as follows. Approximately twenty-five percent of the funds are being used in the first year of the program, or approximately \$750,000 for thirty-six grants. In the second call for proposals, approximately 40% of the funds, or about \$1,200,000 will be used for new proposals and for approved renewals. The remaining funds will be used in the third year.

Costs supported include travel, at government contract rates or tourist class; per diem lodging, meals and incidentals; international mail and messenger service; minimal amounts of equipment (normally no more than \$2000 would be approved), and the like. Living costs will be supported up to a maximum of \$175 per day, but teams are encouraged to find less expensive options for meals and lodging for stays of more than a few days, to maximize

the funds available. Normally travel should be for a minimum of a week and a maximum of a month.

The call for proposals is open until December 1, 1998; grants will be decided in April 1999. There will normally be a maximum of twelve months for use of granted funds. A mid-term report after the first six months will be the basis of an application for a renewal if one is desired. Proposals will be subject to peer review in both countries. Proposals will be submitted as a single package in both English and Spanish; U.S. principal investigators should forward their portion of the document to their Spanish counterpart, to facilitate the submission of the package to the Program Secretariat in Madrid.

Collaborative proposals are expected to have secured funding for the basic research, and preferably be already established projects in at least one of the two countries.

Priorities

Emphasis will be given by the Joint Commission in the 1998 awards to the following fields:

1. Life Sciences
 - 1.1 Infectious and degenerative diseases, including diseases of animals
 - 1.2 Biotechnology of plants, plant health, and integrated pest management
 - 1.3 Food biotechnology
 - 1.4 Molecular design in the production of pharmaceuticals
2. Environment
 - 2.1 Biodiversity
 - 2.2 Natural reserves and protected ecosystems
 - 2.3 Conservation of soils and forests and problems of desertification
 - 2.4 Integrated water management; resources, use and reuse
 - 2.5 Combating pollution and treatment of wastes
3. Information and Communication Technology
 - 3.1 Electronic and microelectronic technology
 - 3.2 Advanced communication technology: satellites, mobile units, Internet II
 - 3.3 Informatics
4. Materials Sciences
 - 4.1 Ceramics, metals, polymers, compounds and superconductors
 - 4.2 Advanced production technology for new materials
5. Energy and High Energy Physics
 - 5.1 Alternate energy: Solar and Wind
 - 5.2 Clean technologies for fossil fuels and/or alternatives
 - 5.3 Cooperative research with U.S. High Energy Physics Labs

Applicants will indicate on the cover sheet the number of the field under which the project falls. Projects submitted outside these categories should simply be designated as "6. Other Fields."

Research Teams

All scientists working in research agencies of the two governments, or in universities of the two countries, are eligible to apply. Each project should have a principal investigator on the U.S. side and on the Spanish side. These should be nationals or residents of the respective countries; teams may include citizens of other countries if this is justified in the research plan. U.S. researchers are reminded that Spain requires a visa for holders of official or diplomatic passports. Spanish researchers will not normally require a special visa.

Janet Mayland,

Deputy Director, Office of Science and Technology Cooperation, Bureau of Oceans and International Environmental and Scientific Affairs.

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OFFICE OF UNITED STATES TRADE REPRESENTATIVE

[Docket No. 301-100a]

Implementation of WTO Recommendations Concerning the European Communities' Regime for the Importation, Sale and Distribution of Bananas

AGENCY: Office of the United States Trade Representative.

ACTION: Notice of proposed determination, request for comment.

SUMMARY: January 1, 1999 is the deadline for the European Communities' (EC) implementation of the recommendations of the World Trade Organization (WTO) Dispute Settlement Body (DSB) concerning the EC regime for the importation, sale, and distribution of bananas (banana regime). The United States Trade Representative (USTR) is seeking written comments on: (1) the measures that the EC has undertaken to apply as of January 1, 1999 to implement the WTO recommendations concerning the EC banana regime; and (2) the USTR's proposed affirmative determination under section 306(b) of the Trade Act of 1974, as amended, (Trade Act) (19 U.S.C. § 2416), that the measures fail to implement the WTO recommendations. The USTR must make the determination