

the provisions of Section 15A(b)(6) ⁷ of the Act, which require that the Association adopt and amend its rules to promote just and equitable principles of trade, and generally provide for the protection of investors and the public interest. The proposed rule change, by imposing certain prohibitions, disclosure and filing requirements, is designed to permit members and associated persons of a member to disseminate bond mutual fund volatility ratings in supplemental sales literature according to standards designed to prevent such ratings from being misleading, predictive, or otherwise inappropriate.

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

NASD Regulation does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments were neither solicited nor received. However, NTM 96-84 requested comment on the appropriateness of the NASDR's current prohibition on the use by members and persons associated with a member of bond mutual fund volatility ratings in supplemental sales literature. A copy of NTM 96-84 and a summary of the comments received in response to NTM 96-84 are available for inspection and copying in the Commission's Public Reference Room.

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 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, D.C. 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 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 the file number in the caption above and should be submitted by November 30, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

Jonathan G. Katz,
Secretary.

[FR Doc. 98-29970 Filed 11-6-98; 8:45 am]
BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40625; File No. SR-PHLX-98-41]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to the Extension of a Pilot Program for a System Enhancement to the X-Station Electronic Book on the Options Floor

November 2, 1998.

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 October 6, 1998, 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, 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 from interested persons.

⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

On a pilot basis, the Phlx previously implemented an enhancement to its X-Station electronic book. The Exchange seeks to extend that pilot through April 23, 1999.³ Under the pilot, a system enhancement was made to the X-Station electronic book on the options floor, which matches incoming orders eligible for the Automatic Execution System ("AUTO-X") feature of the Phlx Automated Options Market ("AUTOM") system with orders residing on the specialist's book.

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 IV below. The Exchange has prepared summaries, set forth in sections A, B, 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

On April 24, 1998, the Exchange filed with the Commission a proposed rule change to implement, on a pilot basis, an enhancement to the X-Station electronic book on the Exchange's options floor, which became effective immediately upon filing.⁴ As described in Phlx Rule 1080, Commentary .02, the electronic order book is an automated mechanism for specialists to hold and display orders based on price/time priority. The Exchange is currently preparing floor-wide deployment of the new X-Station electronic book on the options floor. The new X-Station provides certain improvements such as expedited non-AUTO-X order execution, as well as expedited cancel replacement processing.

AUTO-X is the automatic execution feature of the AUTOM System, the electronic order delivery and routing system for options orders. Previously,

³ Letter from Richard S. Rudolph, Legal Counsel, Phlx, to Anitra T. Cassas, Attorney, Division of Market Regulation, Commission, dated October 21, 1998.

⁴ Exchange Act Release No. 39972 (May 7, 1998) 63 FR 26666 (May 13, 1998).

⁷ 15 U.S.C. 78o-3(b)(6).

AUTO-X orders were executed against a "shadow account" for which the specialist was ultimately responsible. The execution was immediately reported back to the sending firm and the specialist was then required to manually input the contra-side interest representing the booked order that became due as a result of the AUTO-X trade.

At this time, the Phlx proposes to extend the pilot program, a system enhancement to the electronic book that matches incoming AUTO-X orders with booked orders, for an additional six months. The matching ability allows the specialist to match two participants directly, without the specialist participating in the trade, by dropping the order to manual status. The match is not automatic, as the specialist must ensure that crowd participation under current parity/priority rules is not due before executing the trade; thus, the specialist must "select" the orders to execute the trade. Since the AUTO-X order drops to manual status (meaning it is not automatically executed), the sending firm will only receive an execution report after the specialist selects and executes the trade.

The enhancement implemented through the current pilot program affords specialists relief from the manual burden of inserting trade participant and clearing information by writing an order ticket for the booked order. Without the X-Station itself, the booked order appeared on an actual order ticket, which the specialist submitted for key punch entry. Thus, implementing the X-Station without the matching feature is more burdensome than the process required without the existence of the X-Station because the X-Station requires more ticket-writing. The enhancement has reduced the amount of paper processed on the options floor, which in turn has reduced handling and processing time, including the likelihood of errors, thereby facilitating more prompt and accurate trade reporting.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) ⁵ of the Act, in general, and furthers the objectives of Section 6(b)(5), ⁶ in particular, in that it is designed 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 by enhancing efficiency through automation in the market.

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

The Exchange 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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act ⁷ and subparagraph (e)(5) of Rule 19b-4 thereunder. ⁸ The proposal effects a change in an existing order-entry or trading system of a self-regulatory organization that (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) does not have the effect of limiting the access to or availability of the system. ⁹

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.

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, 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 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-98-41 and should be submitted by November 30, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority. ¹⁰

Jonathan G. Katz,
Secretary.

[FR Doc. 98-29974 Filed 11-6-98; 8:45 am]

BILLING CODE 8010-01-M

DEPARTMENT OF STATE

Bureau of Consular Affairs

[Public Notice 2920]

Extension of Passport Validity

In accordance with the Immigration and Nationality Act, an alien who makes an application, either for a visa or for admission into the United States, is required to possess a passport that: (1) Is valid for a minimum of six months beyond the date of the expiration of the initial period of the alien's admission into the United States or contemplated initial period of stay and, (2) authorizes the alien to return to the place from which he or she came, or to proceed to and enter some other country during such period. Because of the foregoing requirement, certain competent authorities have agreed that their passports will be recognized as valid for the return of the bearer for a period of six months beyond the expiration date specified in the passport, thereby effectively extending the validity period of the foreign passport an additional six months beyond its expiration date.

This public notice adds Slovenia to the list of countries that have concluded passport-extension agreements with the Government of the United States. In addition, the American Institute in Taiwan and the Taipei Economic and Cultural Representative Office in the United States have reached such an agreement with respect to passports issued by their respective authorities. The updated list of competent authorities is set forth below:

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(e)(5).

⁹ In reviewing this rule, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹⁰ 17 CFR 200.30-3(a)(12).