

For premium payment years beginning in	The assumed interest rate is
January 2001	4.67
February 2001	4.71

Multiemployer Plan Valuations Following Mass Withdrawal

The PBGC's regulation on Duties of Plan Sponsor Following Mass Withdrawal (29 CFR part 4281) prescribes the use of interest assumptions under the PBGC's regulation on Allocation of Assets in Single-employer Plans (29 CFR part 4044). The interest assumptions applicable to valuation dates in March 2001 under part 4044 are contained in an amendment to part 4044 published elsewhere in today's **Federal Register**. Tables showing the assumptions applicable to prior periods are codified in appendix B to 29 CFR part 4044.

Issued in Washington, DC, on this 12th day of February 2001.

John Seal,

Acting Executive Director, Pension Benefit Guaranty Corporation.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43938; File No. SR-Amex-01-03]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange LLC Relating to the Prohibition Against Members Functioning as Market Makers and the Entry of Electronically Generated Orders Into the Exchange's Order Routing System

February 7, 2001.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934¹ (the "Act") and Rule 19b-4 thereunder², notice is hereby given that on February 1, 2001, the American Stock Exchange LLC ("Amex" 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 Exchange has designated the proposed rule change as constituting a "non-controversial" rule change under paragraph (f)(6) of Rule 19b-4 under the Act,³ which renders the proposal

effective upon receipt of this filing by the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Amex proposes to adopt new Rule 934, which restricts the entry of certain option limit orders and prohibits the entry of orders that are created and communicated electronically without manual input into the Exchange's order routing and execution systems. The text of the proposed rule change is available at the Office of the Secretary, Amex and at the Commission.

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 Amex 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 Amex 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to adopt new Rule 934 restricting the entry of certain option limit orders and of orders that are created and communicated electronically without manual input into the Exchange's electronic order routing and delivery system (Amex Order File—AOF), which routes orders of up to 250 option contracts to the Exchange's electronic order execution and processing systems (*i.e.*, Auto-Ex and the Amex Options Display Book or AODB).

The proposed new rule provides that members, acting as either principal or agent, may not permit the entry of orders into the electronic order routing system if the orders are limit orders for the account or accounts of the same or related beneficial owners and the limit orders are entered in such a manner that the member of the beneficial owner(s) effectively is operating as a market maker by holding itself out as willing to buy and sell such securities on a regular or continuous basis. In determining whether a member or beneficial owner

effectively is operating as a market maker, the Exchange will consider, among other things, the simultaneous or near-simultaneous entry of limit orders to buy and sell the same security; the multiple acquisition and liquidation of positions in the security during the same day; and the entry of multiple limit orders at different prices in the same security.⁴

The proposed rule would also prohibit members from entering orders that are created and communicated electronically without manual input and if such orders are eligible for execution through the Exchange's Automatic Execution System ("Auto-Ex").⁵ Orders entered by customers or associated persons of members will be deemed to involve manual input if the terms of the order are entered into an order-entry screen or there is a manual selection of a displayed order against which an off-setting order should be sent. It should be noted that members shall not be prohibited from electronically communicating to the Exchange orders entered by customers into front-end communication systems (*e.g.*, Internet gateways, online networks, etc.).

The Exchange states that its business model depends upon specialists and registered options traders for competition and liquidity. To encourage participation by these market makers, the Exchange needs to limit the ability of non-specialists/registered traders to compete on preferential terms within its automated systems. In addition, customer orders are provided with certain benefits such as automatic execution, priority of bids and offers and firm quote guarantees, and thus should not be allowed to act as market makers. The proposed rule will prevent non-specialist/registered trader members and their customers from reaping the benefits of market making activities without any of the concomitant obligations such as providing continuous quotations during

⁴ Since the proposal rule change was filed with the Commission, the Exchange made a technical change to the text of proposed Amex Rule 934(a) to insert the word "and." The change does not affect the substance of the rule. Telephone conversation between Claire McGrath, Vice President and Special Counsel, Amex, and Jennifer Colihan, Special Counsel, Division of Market Regulation, Commission, on February 6, 2001.

⁵ Currently, only market and marketable limit orders up to specifically established sizes are eligible for execution through Auto-Ex; however, the Exchange has a proposal pending before the Commission that would allow the automatic execution of non-marketable limit orders that improve the best price available on the Exchange by automatically executing such limit order if the current best bid/offer quote on another market is better than the Amex quote by a predefined number of ticks. (See SR-Amex 00-29.)

¹ 15 U.S.C 78s(b)(1)

² 17 CFR 240.19b-4

³ 17 CFR 240.19b(f)(6).

all market conditions. The proposed rule is designed to prevent certain members and customers from obtaining an unfair advantage by acting as unregistered specialists and traders while having priority over the specialists and registered traders by virtue of their customer status. Permitting members or customers to enter multiple limit orders to such an extent that they are effectively acting as market makers in an option, while at the same time giving them priority over all other orders on the book, would give such members and customers an inordinate advantage over the market participants. In addition, allowing electronically generated and communicated orders to be routed directly through the Exchange systems and to Auto-Ex would give customers with such electronic systems a significant advantage over specialists and registered traders. In the Exchange's view, these circumstances reduce the incentive to engage in market making on the Exchange, which could reduce liquidity and competition and could undercut the Exchange's business model.⁶ Lastly, the Exchange notes that computer generated orders can still be sent to the Exchange for execution, however, they may not be sent for execution through the Exchange's order routing system. Instead, such orders will be routed to the trading crowd and represented in open outcry.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act⁷ in general and furthers the objectives of Section 6(b)(5)⁸ in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition.

⁶ In approving a similar proposal currently in place at the Chicago Board Options Exchange ("CBOE"), the Commission noted that allowing electronic order entry into ORS (the counterpart to Amex's AOF) could give automated customers a significant advantage over market makers. See Securities Exchange Act Release No. 43285 (September 12, 2000), 65 FR 56972 (September 20, 2000).

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

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 with respect to the proposed rule change.

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

The proposed rule change has been filed by the Exchange as a "non-controversial" rule change pursuant to Section 19(b)(3)(A) of the Act⁹ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹⁰ Because the foregoing proposed rule change: (i) Does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; provided that the Exchange has given the Commission written notice of its intent to file the proposed rule change at least five business days prior to the filing date of the proposed rule change, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6).

The Exchange has requested that the Commission accelerate the operative date of the proposal. In addition, the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, more than five business days prior to the date of the filing of the proposed rule change. The Commission finds that it is appropriate to accelerate the operative date of the proposal and designate the proposal to become operative today.¹¹

The Commission finds good cause for accelerating the operative date of the proposed rule change. The Commission notes that it has approved similar proposals filed by the ISE,¹² the CBOE,¹³ the Pacific Exchange, Inc.

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6).

¹¹ 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).

¹² See Securities Exchange Act Release No. 42455 (February 24, 2000), 65 FR 11388 (March 2, 2000) (approving application of ISE for registration as a national securities exchange).

¹³ See Securities Exchange Act Release No. 43285 (September 12, 2000), 65 FR 56972 (September 20, 2000) (approving SR-CBOE-00-01).

("PCX"),¹⁴ and the Philadelphia Stock Exchange, Inc. ("Phlx").¹⁵ Approval of this proposal on an accelerated basis will enable the Amex to compete on an equal basis with these other exchanges and thus is consistent with Section 6(b)(8) of the Act.¹⁶

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 Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule 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 Section. Copies of such filing will also be available for inspection and copying at the principal office of the Amex. All submissions should refer to file number SR-Amex-01-03 and should be submitted by March 8, 2001.

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

Margaret H. McFarland,
Deputy Secretary.

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¹⁴ See Securities Exchange Act Release No. 43328 (September 22, 2000), 65 FR 58834 (October 2, 2000) (approving SR-PCX-00-13).

¹⁵ See Securities Exchange Act Release No. 43376 (September 28, 2000), 65 FR 58834 (October 5, 2000) (approving SR-Phlx-00-79).

¹⁶ 15 U.S.C. 78f(b)(8).

¹⁷ 17 CFR 200.30-3(a)(12).