

**DATES:** Comments on this proposal should be received on or before February 22, 2001.

**ADDRESSES:** Send or deliver comments to—

Ronald W. Melton, Chief, Operations Support Division, Retirement and Insurance Service, U.S. Office of Personnel Management, 1900 E Street, NW, Room 3349A, Washington, DC 20415

and

Joseph Lackey, OPM Desk Officer, Office of Information & Regulatory Affairs, Office of Management and Budget, New Executive Office Building, NW, Room 10235, Washington, DC 20503.

#### FOR INFORMATION REGARDING

#### ADMINISTRATIVE COORDINATION—CONTACT:

Donna G. Lease, Team Leader, Forms Analysis and Design, Budget and Administrative Services Division, (202) 606-0623.

Office of Personnel Management.

**Janice R. Lachance,**

*Director.*

[FR Doc. 01-1962 Filed 1-22-01; 8:45 am]

**BILLING CODE 6325-50-P**

#### OFFICE OF PERSONNEL MANAGEMENT

#### Proposed Collection; Comment Request for Revision of an Information Collection: RI 38-115

**AGENCY:** Office of Personnel Management.

**ACTION:** Notice.

**SUMMARY:** In accordance with the Paperwork Reduction Act of 1995 (Pub. L. 104-13, May 22, 1995), this notice announces that the Office of Personnel Management (OPM) intends to submit to the Office of Management and Budget a request for review of a revised information collection. RI 38-115, Representative Payee Survey, is used to collect information about how the benefits paid to a representative payee have been used or conserved for the benefit of the incompetent annuitant.

Comments are particularly invited on: Whether this information is necessary for the proper performance of functions of OPM, and whether it will have practical utility; whether our estimate of the public burden of this collection of information is accurate, and based on valid assumptions and methodology; and ways in which we can minimize the burden of the collection of information on those who are to respond, through the use of appropriate technological collection techniques or other forms of information technology.

Approximately 4,067 RI 38-115 forms will be completed annually. The form takes approximately 20 minutes to complete. The annual burden is 1,356 hours.

For copies of this proposal, contact Mary Beth Smith-Toomey on (202) 606-8358, or E-mail to [mbtoomey@opm.gov](mailto:mbtoomey@opm.gov)

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**Janice R. Lachance,**

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#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43848; File No. SR-BSE-00-04]

#### Self-Regulatory Organizations; Order Granting Approval of Proposed Rule Change, as Amended, by the Boston Stock Exchange, Inc.; Relating to an Amendment to Its Post Primary Session ("PPS")

January 16, 2001.

#### I. Introduction

On March 9, 2000, the Boston Stock Exchange, Inc. ("BSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC"), 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> a proposed rule change that would amend existing rules under BSE Chapter IIB, Post 4:00 P.M. Trading, which would allow member firms to accommodate various customer average pricing programs based on the primary market's primary trading session and to permit risk based portfolio programs which are based on the primary market's closing price. On December 2, 2000, the BSE

filed an amendment to the proposal.<sup>3</sup> Notice of the proposed rule change, including Amendment No. 1, was published for comment in the **Federal Register** on December 14, 2000.<sup>4</sup> The Commission received no comments on the proposal. This order approves the proposed rule change, as amended.

#### II. Description of the Proposal

The Exchange proposes to amend its existing rules under BSE Chapter IIB, Post 4:00 P.M. Trading, to incorporate new language which will permit members and member firms to use the PPS to: (1) Accommodate various customer average pricing programs in issues eligible to trade on the Exchange<sup>5</sup> that are based on the primary market trading session; and (2) permit risk based portfolio programs which are based on the primary market's closing price. In a side letter, the Exchange seeks an exemption from the short sale rule and from certain reporting of transactions requirements for purposes of supporting its risk based portfolio programs described herein.<sup>6</sup>

#### A. Background

The Exchange initiated its PPS program on January 13, 2000.<sup>7</sup> The program runs from 4:00 p.m. through 4:15 p.m. (EST). Only orders entered after the Exchange's 4:00 p.m. close and designated as "PPS" are eligible for participation during this session. All PPS designated orders not executed during the PPS expire at the end of the PPS session and are not carried over to the next PPS session. Orders eligible for the Exchange's primary trading session

<sup>3</sup> See letter from John Boese, Assistant Vice President, Rule Development and Market Structure, BSE, to Alton Harvey, Office Chief, Office of Market Watch, Division of Market Regulation ("Division"), Commission, dated December 1, 2000 ("Amendment No. 1"). In Amendment No. 1, the BSE made corrections to its rule text and clarified issues regarding the language used in its filing.

<sup>4</sup> Securities Exchange Act Release No. 43685 (December 6, 2000), 65 FR 78227 (December 14, 2000).

<sup>5</sup> Issues eligible to trade are those listed on the Exchange or listed pursuant to unlisted trading privileges.

<sup>6</sup> 17 CFR 240.10a-1 and 17 CFR 240.11Aa3-1. The BSE is requesting an exemption from the short sale rule, Rule 10a-1, and from the reporting of transactions for its risk based portfolio programs under Rule 11Aa3-1. See letter from John Boese, Assistant Vice President, Rule Development and Market Structure, BSE, to Larry Bergmann, Senior Associate Director, Division, Commission, dated January 2, 2001. Review of the BSE's request for an exemption from the short sale rules is still pending before the Commission. The Commission is granting the BSE an exemption from Rule 11Aa3-1 for its risk based portfolio programs.

<sup>7</sup> See Securities Exchange Act Release No. 41814 (August 31, 1999); 64 FR 48885 (September 8, 1999).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

are not eligible to participate during the PPS.

The Exchange represents that member firms may wish to use the Exchange's PPS to facilitate execution of certain customer average pricing and risk based portfolio programs on either an agency basis (wherein member firms act as an agent facilitating customers on both sides of the transaction) or as principal (wherein member firms act as principal on one side of the transaction). The Exchange also represents that the main purpose of accessing the PPS to report these programs is to expedite execution and customer reporting of these particular crosses that would otherwise be reported later, such as at 5:15 p.m. (EST), during the New York Stock Exchange's ("NYSE") Crossing Section II.<sup>8</sup>

#### *B. The Exchange's Proposed Programs*

The Exchange proposes to implement two general programs: the Customer Average Pricing Facilitation Programs ("CP Programs"), and Post Primary session Risk Portfolio Facilitation Programs ("RP Programs").

*The Customer Average Pricing Facilitation Programs.* The Exchange represents that the CP Programs will allow member firms to act as a principal on one side of the cross (principal cross), or as an agent facilitating customers on both sides (agency cross), and may include single stocks or portfolios of stocks.

The Exchange notes that member firms will facilitate their customer requests for average pricing based on primary market transactions reported over some specific period of time during the day (a so-called "time slice"). A time slice can incorporate a full trading day or some part thereof. The Exchange represents that the CP Programs will be "time sliced" during the primary market's trading session so that some will begin during the trading day (upon receipt of the program) and end prior to the close; others will begin at some point during the trading day and last through the primary market's close. The exchange further notes that a full day average pricing program will include all

trading day primary market prints from the opening transaction to the last/closing transaction.

The Exchange indicates that there will be two types of reported facilitation crosses: (1) An agency cross, where the member firm has matched a buyer with a seller; and (2) a principal cross, where the member firm has assumed the contra-side of the customer's order. The Exchange further indicates that to facilitate a transaction where customers seek to participate on the buy side, member firms need to sell to their customers irrespective of the tick, and the Exchange therefore seeks an exemption to the short sale rule.<sup>9</sup>

The Exchange represents that member firms may offer three types of average price orders to their customers: (1) Best efforts to obtain the average price, but with no guarantee; (2) a stop order guaranteeing the average price; and (3) a stop order guaranteeing the average price with the ability to improve the average price. The Exchange further represents that these transactions will be reported as averaged priced crosses during the Exchange's PPS session, and that they will not be exposed to the PPS auction so that member firms will be able to immediately report these transactions to their customers.

The three specific order types eligible for the CP program are the following:

(1) *Primary Market Average Price-Bench +/- (Plus or Minus).* The Exchange represents that this order type provides customers with average pricing based on the primary market's trading session transactions, which are reported to the consolidated tape. The Exchange notes that the Benchmark price ("Benchmark") is the primary market's average price for the duration of the time slice. If the Benchmark is exceeded, the customer will receive the better price. If the Benchmark is not achieved, the customer will receive the actual price which will be less than the Benchmark price.

(2) *Primary Market Average Price—Guaranteed.* The Exchange represents that this order type provides customers with a guarantee of received the Benchmark. The Exchange notes, however, that customers electing to participate in this Program will not be eligible to obtain a better, not an inferior price.

(3) *Primary Market Average Price—Stop.* The Exchange represents that this order type provides customers with the Benchmark, or better, for the duration of the time slice. The Exchange notes, however, that customers will not receive an inferior price to the Benchmark.

*The PPS Risk Portfolio Facilitation Programs.* The Exchange represents that under the RP Program, member firms will offer customers a guaranteed price for the sale or purchase of a basket containing at least fifteen stocks, \$1 million in value or more. Furthermore, the Exchange represents that member firms will provide customers with a guarantee of receiving the primary market's closing price, less a discount (or fee) in return for assuming the market risk of the basket. Thus, where member firms facilitate a transaction by being on the buy side, with the customer on the sell side, the discounted price of each component of the basket will be at a price less than the primary market's last sale. Conversely, where customers seek to be on the buy side, member firms will facilitate on the sell side and mark-up the value of the basket.

The Exchange represents that each component of a basket will be electronically reported during the PPS as principal facilitation crosses and that these principal facilitation crosses will not be exposed to the PPS auction. The Exchange notes that the shares will be reported to the consolidated tape in the aggregate, like on the NYSE's Crossing Session II,<sup>10</sup> to prevent disclosure of the side that the member firm has facilitated. The Exchange also notes that this process is similar to the system in place for the NYSE Crossing Session program where reporting is in the aggregate for shares and not made available until T+3. Therefore, the Exchange believes that, in order to provide the ability to facilitate customers seeking to participate on the buy side, member firms will need to sell to their customers irrespective of the tick, and consequently seeks an exemption to the short sale rule.<sup>11</sup>

Moreover, the Exchange represents that these strategies require that the transactions not be immediately reported to the tape, because price exposure can disclose to competitors the position the member firm has assumed. Anonymity permits the member firm to unwind its position without risk of disclosure. The Exchange would, therefore, emulate the process currently used by the NYSE and report to the tape in the aggregate and then provide

<sup>8</sup> The Exchange describes the NYSE's Crossing Session II as follows: This session facilitates the crossing of portfolios and operates between 4:00 p.m. and 5:15 p.m. (EST). This session is also designed to facilitate trading of baskets of at least fifteen NYSE securities valued at \$1 million or more. Members that have either facilitated a basket trade, or have paired two customer baskets, submit aggregate information to the NYSE for execution. At 5:15 p.m., the NYSE prints the aggregate information of all baskets executed in this session to the consolidated tape. On the third day after the trade date (T+3), the individual component stocks executed as part of a basket are printed in aggregate form in the NYSE's Daily Sales Report.

<sup>9</sup> See supra note 6.

<sup>10</sup> The Exchange notes that, under the rules of the NYSE members that have either facilitated a basket trade, or have paired two customers baskets, submit aggregate information to the NYSE for execution. At 5:15 p.m., the NYSE prints the aggregate information of all baskets executed in this session to the consolidated tape. On the third day after the trade date (T+3), the individual component stocks executed as part of a basket are printed in aggregate form in the NYSE's Daily Sales Report.

<sup>11</sup> See supra note 6.

additional information on T+3, or thereafter.<sup>12</sup> The Exchange notes that, as the closing prices are discounted, these programs may be priced away from the primary market's last sale and potentially outside of the day's trading range.

For regulatory oversight purposes, the Exchange represents that it will require each member firm that reports transactions in CP or RP Programs to: (1) Identify the issue, shares, and price on each cross; (2) indicate whether the firm is facilitating as agent or principal; (3) indicate, if principal, that it is short exempt; (4) identify the time slice period for CP entered crosses; (5) indicate the average (Benchmark) price determined by the member firm; and (6) for RP programs, identify all crosses in a particular basket. The Exchange represents that it may also require other identifiers deemed necessary to monitor pricing. The Exchange will use this information to validate Benchmark prices.

#### *C. Request for Exemptions from Rule 10a-1 and Rule 11Aa3-1 of the Act*

The Exchange requests that the Commission exempt both the CP and RP Programs from the short sale rule, Rule 10a-1, of the Act.<sup>13</sup> The Exchange believes that, based on the manner of pricing transactions that will occur within the CP and RP programs, the practices that Rule 10a-1 is designed to prevent are not at issue. Specifically, the Exchange indicates that over the course of the CP and RP Programs, the price direction of a particular stock, *i.e.*, the tick, will not be a factor in determining to fill customers CP and orders. The Exchange also notes that member firms will be acting as facilitators.

The Exchange also requests that the Commission exempt the RP Programs from certain reporting of transactions requiring under Rule 11Aa3-1 of the Act because under the RP Programs a composite transaction would be reported instead of individual transactions.<sup>14</sup>

### III. Discussion

The Commission has reviewed carefully the proposed rule change, as amended, and finds that it is consistent with the Act and the rules and

regulations promulgated thereunder applicable to a national securities exchange and, in particular, with the requirements of Section 6(b).<sup>15</sup> Specifically, the Commission finds that approval of the proposed rule change is consistent with Section 6(b)(5)<sup>16</sup> in that it is designed to promote just and equitable principles of trade, to remove impediments and to perfect the mechanism of a free and open market and a national market system, and in general, to protect investors and the public interest.

The Commission finds that the proposed rule change and the programs established thereunder will assist the BSE in allowing its member firms to use the PPS to facilitate execution of certain customer average pricing and risk based portfolio programs, and to act on either a principal or agent basis by entering crossing orders with their customers after hours to be executed with each other. By allowing access to the PPS to report these programs, the commission notes that the BSE may be able to expedite execution and customer reporting of these particular crosses at 4:15 p.m. (EST), rather than at 5:15 p.m. (EST) during the NYSE's Crossing Session II.

The BSE requests an exemption from Rule 10a-1, the short sale rule, and Rule 11Aa3-1 of the Act.<sup>17</sup> The Commission is currently reviewing the BSE's request for exemption from the short sale rule.<sup>18</sup> The Commission is granting the BSE's request for exemption of its RP Programs from the reporting requirements of Rule 11Aa3-1 of the Act because the proposed reporting procedures for the RP programs relate to composite transactions. The Commission finds that granting such an exemption would be consistent with the requirements of Rule 11Aa3-1.<sup>19</sup>

In the notice, the Commission indicated that it would consider granting accelerated approval of the proposal after a 15-day comment period. Although, the Commission received no comment letters on the proposal during the 15-day comment period, the Commission does not find good cause for accelerating approval of the proposed rule change, as amended.<sup>20</sup>

<sup>15</sup> 15 U.S.C. 78f(b). In approving this proposal, the Commission has considered the proposed rule's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

<sup>16</sup> 15 U.S.C. 78f(b)(5).

<sup>17</sup> See *supra* note 6.

<sup>18</sup> See *supra* note 6.

<sup>19</sup> See *supra* note 6.

<sup>20</sup> The BSE originally filed the proposed rule change with the Commission on March 9, 2000, and requested accelerated approval at that time. The BSE then requested that the Commission delay

### IV. Conclusion

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular with Section 6(b)(5).<sup>21</sup>

It Is Therefore Ordered, pursuant to Section 19(b)(2) of the Act,<sup>22</sup> that the proposed rule change (SR-BSE-00-04) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>23</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 01-1968 Filed 1-22-01; 8:45 am]

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### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43849; File No. SR-GSCC-00-13]

#### **Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice of Filing of Proposed Rule Change Relating to Establishment of a Cross-Margining Agreement With the Chicago Mercantile Exchange and a Clarification of the Government Securities Clearing Corporation's Cross-Margining Rules**

January 17, 2001.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on October 13, 2000, the Government Securities Clearing Corporation ("GSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by GSCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

GSCC is seeking to establish a cross-margining arrangement with the

noticing the proposed rule change until the impact of the rescission of NYSE Rule 390 was determined. In November 2000, the BSE decided to proceed with this filing. The Commission, therefore, does not believe that acceleration of approval of this proposed rule change would be appropriate.

<sup>21</sup> 15 U.S.C. 78f(b)(5).

<sup>22</sup> 15 U.S.C. 78s(b)(2).

<sup>23</sup> 17 CFR 200.30/3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>12</sup> The Exchange states that transactions which occur "regular way" will settle within the standard T+3 settlement period, and that cash settlements may settle beyond the standard T+3 settlement period, according to the agreement of the parties to the transaction. The Exchange notes that the overwhelming majority of transactions occur "regular way." See Amendment No. 1, *supra* note 3.

<sup>13</sup> 17 CFR 240.10a-1. See *supra* note 6.

<sup>14</sup> 17 CFR 240.11Aa3-1. See *supra* note 6.