

replace orders to be rerouted through the ORS without having to be sent to the live ammo screen. The Commission notes that, according to the Exchange, the majority of orders that were sent to the live ammo screen were cancel replace orders. Therefore, the Commission is encouraged by the new ORS Modification and its impact on the ability of customer orders to be routed directly through the ORS without having the interim step of first going to the live ammo screen. That having been said, however, the Commission urges the Exchange to continue to consider other systems modifications to address those orders that continue to be routed to the live ammo screen.

## V. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>22</sup> that the proposed rule change (SR-CBOE-00-53) 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. 01-3042 Filed 2-5-01; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43906; File No. SR-NASD-01-10]

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Implementation of Decimal Pricing in the Nasdaq Market

January 30, 2001.

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> notice is hereby given that on January 29, 2001, the National Association of Securities Dealers, Inc. ("NASD" or "Association"), through its wholly owned subsidiary, the Nasdaq Stock Market, Inc. ("Nasdaq"), 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 by Nasdaq. 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

Nasdaq proposes to adopt a mandatory conversion rule for the open fractional orders of Nasdaq securities commencing quotation and trading in decimals pursuant to the Decimals Implementation Plan For the Equities and Options Markets ("Implementation Plan" or "Plan"), which was submitted on July 24, 2000, to the Commission. Under the proposal, Nasdaq would mandate that all open orders priced in fractions in NASD member firms' systems on the evening before that security is to commence quoting in decimals be converted to appropriately rounded decimal values of no more than two places beyond the decimal point (to the penny). An NASD member firm would be free to accept, and retain in its internal systems, decimal based orders in those securities of any number of values beyond the decimal point that the firm chooses.<sup>3</sup> Nasdaq proposes to implement the conversion rule change commencing March 12, 2001, and thereafter, on each Nasdaq security as it converts from fractional to decimal pricing pursuant to the Plan. The text of the proposed rule change is below. Proposed new language is in italics.

\* \* \* \* \*

#### 3220. Adjustment of Open Orders

- (a) No Change.
- (1)-(3) No Change.
- (b) No Change.
- (c) No Change.
- (d) No Change.
- (e) No Change.
- (1)-(6) No Change.

*(f) Mandatory Open Order Conversion for Securities Commencing Decimal Pricing All open orders in Nasdaq securities priced in fractions remaining in a firm's internal system on the evening prior to, or received thereafter and prior to, the security's commencing decimal pricing pursuant to the Decimals Implementation Plan for the Equities and Options Markets shall be converted, no later than midnight on that evening prior to their first day of decimal pricing, as follows:*

*(1) Prior to the conversion, member firms should notify their customers and*

<sup>3</sup> Nasdaq notes that its systems will only accept and display quotations to two places beyond the decimal point (to the penny). Quotations submitted to Nasdaq that are not rounded to the penny will be rejected by Nasdaq systems. Similarly, Nasdaq's Automated Confirmation Transaction Service ("ACT") will accept prices in trade reports only to six places beyond the decimal point and Nasdaq's Trade Dissemination Service ("NTDS") will disseminate transaction information only to four places beyond the decimal point.

*inform them of the change to their open fractional order(s) as a result of the conversion to decimal pricing. Customers should be afforded the opportunity to take action if they do not wish to participate in the conversion. Customers not wishing to participate in the mandatory conversion should be allowed the opportunity to cancel their open order(s) prior to the evening of the conversion.*

*(2) No later than midnight on the evening prior to a security's first day of decimal pricing, all open orders priced in fractions that have not been canceled, including those with price qualifiers such as DNR and DNI, shall be converted as follows:*

- *The fractional price of all open Buy Orders (GTC, GTX, Buy Stop and Buy Stop Limits) will be converted to their decimal equivalent and then "rounded down" to the nearest \$0.01.*

- *The fractional price of all open Sell Orders (GTC, GTX, Sell Stop and Sell Stop Limits) will be converted to their decimal equivalent and then "rounded up" to the nearest \$0.01.*

*Example:*

*Buy 1000 MSFT 88<sup>1</sup>/<sub>16</sub> would convert to B 1000 MSFT 88.06 (<sup>1</sup>/<sub>16</sub> = 0.0625)*

*Sell 1000 MSFT 88<sup>1</sup>/<sub>16</sub> would convert to S 1000 MSFT 88.07*

*This rule is to be in effect only in preparation for the first day of decimal trading of the newly-converted security. After conversion, firms may accept orders of any number of spaces beyond the decimal point in the newly-converted security and submit them, after appropriate rounding (See NASD Rule 4613(a)(1)(D)), to Nasdaq for display.*

\* \* \* \* \*

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

In its filing with the Commission, Nasdaq 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. Nasdaq has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

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

1. Purpose

On June 8, 2000, the Commission ordered the exchanges and the NASD to submit a decimal pricing phase-in plan no later than July 24, 2000. Under the Plan, the NASD is to fully convert the Nasdaq market to decimal pricing no later than April 9, 2001. Before full implementation, Nasdaq is also to commence a decimal pricing pilot program for 10–15 Nasdaq issues on or before March 12, 2001. Recently, Nasdaq also determined to add a second decimal phase-in of approximately 100+ additional Nasdaq securities on March 26, 2001.

In February 2000, Nasdaq, as part of its preparations for decimal pricing, issued guidelines to all member firms on the conversion of open orders. In short, the conversion guidelines directed firms to convert, on the evening before the first day a Nasdaq security is scheduled to commence quoting in decimals, all open orders priced in fractions for that security in their systems by converting them to their decimal equivalent and then rounding them (down for buys/up for sells) to the minimum quote increment (\$0.01). This would have resulted in all such open fractional orders being converted to two values beyond the decimal point.

To reduce potential confusion on the crucial first day of a security's transition to decimal pricing that could result from inconsistent conversion standards, Nasdaq proposes to adopt a mandatory conversion rule for all open orders in Nasdaq securities that are priced in fractions and reside in the internal systems of NASD member firms on the evening prior to the first day a particular security commences quoting in decimals. Under the proposal, all open orders, including those with price qualifiers such as "Do Not Reduce" ("DNR") and "Do Not Increase" ("DNI"), priced in fractions that reside in a firm's internal system on the evening before the start of decimal pricing, will be converted as follows: (1) The price of all open Buy Orders (including "Good-til-Canceled" ("GTC"), "Good-til-Executed" and ("GTX"), Buy Stop and Buy Stop Limits) priced in fractions will be converted to their decimal equivalent and "rounded down" to the nearest \$0.01; and (2) the price of all open Sell Orders (GTC, GTX, Sell Stop and Sell Stop Limits) priced in fractions will be converted to their decimal equivalent and "rounded up" to the nearest \$0.01.

An example of a sample fractional buy and sample fractional sell conversation is provided below:

Example:

Buy 1000 MSFT  $88\frac{1}{16}$  would convert to B 1000 MSFT 88.06 ( $\frac{1}{16} = 0.0625$ )

Sell 1000 MSFT  $88\frac{1}{16}$  would convert to S 1000 MSFT 88.07

After the conversion, market participants would be free to accept decimal-priced orders for any number of values beyond the decimal point as they deem appropriate. Nasdaq will continue to require that firms round orders to two decimal places before submitting them to Nasdaq for display in the quote montage. Likewise, ACT will only accept trade reports up to six places beyond the decimal point and disseminate decimal priced transaction reports to four decimal points to the tape.

Nasdaq believes that a uniform open fractional order conversion methodology, one that will be followed by all industry participants, is necessary to ensure a smooth and orderly transition from fractional to decimal pricing. Such uniformity is particularly important for the first day of decimal trading in a security and for orders that may reside in multiple systems. Nasdaq believes a single fractional open order conversion standard can be expected to reduce investor confusion, prevent discrepancies in reconciliation, and reduce the potential that customers may be disadvantaged by inferior executions.

A conversion of open orders to two places beyond the decimal point also is consistent with Nasdaq's quotation and execution facilities that likewise will provide quotes and executions in pennies. Moreover, such a conversion approach should also be readily understood by investors as well as firms that have already programmed for, and participated in, a two-point conversion of open fractional orders in the listed environment. Finally, the two-point conversion standard is structured to be applicable to all firms, including those that intend to maintain limit orders files to two places beyond the decimal point on an ongoing basis, as well as those that intend to operate systems allowing quotes beyond two decimal places.

2. Statutory Basis

Nasdaq believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act<sup>4</sup> in that it is designed to promote just and equitable principles of trade, and to remove impediments to and

perfect the mechanism of a national market system.

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

Nasdaq 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.

**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 Exchange 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.

Nasdaq has requested accelerated approval of the proposed rule change. While the Commission will not grant accelerated approval at this time, the Commission will consider granting accelerated approval of the proposal at the close of an abbreviated comment period of 15 days from the date of publication of the proposal in the **Federal Register**.

**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 20549-0609. 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

<sup>4</sup> 15 U.S.C. 78o-3(b)(6).

the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the Association. All submissions should refer to file number SR-NASD-01-10 and should be submitted by February 21, 2001.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 01-3043 Filed 2-5-01; 8:45 am]

BILLING CODE 8010-01-M

## SMALL BUSINESS ADMINISTRATION

### Data Collection Available for Public Comments and Recommendations

**ACTION:** Notice and request for comments.

**SUMMARY:** In accordance with the Paperwork Reduction Act of 1995, this notice announces the Small Business Administration's intentions to request approval on a new, and/or currently approved information collection.

**DATES:** Submit comments on or before April 9, 2001.

**ADDRESSES:** Send all comments regarding whether these information collections are necessary for the proper performance of the function of the agency, whether the burden estimate is accurate, and if there are ways to minimize the estimated burden and enhance the quality of the collections, to David Ashley, Market Research Specialist, Office of Communications and Public Liaison, Small Business Administration, 409 3rd Street, S.W., Suite 2552.

**FOR FURTHER INFORMATION CONTACT:** David Ashley, Market Research Specialist, 202-205-6868 or Curtis B. Rich, Management Analyst, (202)205-7030.

#### SUPPLEMENTARY INFORMATION:

*Title:* National Customer Service Tracking Program.

*Form No:* N/A.

*Description of Respondents:* SBA Customer, Procurement Officials, and resource Partners.

*Annual Responses:* 5,000.

*Annual Burden:* 1,000.

**Jacqueline White,**

*Chief, Administrative Information Branch.*

[FR Doc. 01-3030 Filed 2-5-01; 8:45am]

BILLING CODE 8025-01-P

## SMALL BUSINESS ADMINISTRATION

### [Declaration of Disaster #3317]

#### State of Texas; Amendment #2

In accordance with a notice received from the Federal Emergency Management Agency, dated January 29, 2001, the above-numbered Declaration is hereby amended to include Fannin County as a disaster area due to damages caused by a severe winter ice storm beginning on December 12, 2000 and continuing through January 15, 2001.

In addition, applications for economic injury loans from small businesses located in the following contiguous counties may be filed until the specified date at the previously designated location: Collin, Grayson and Hunt in the State of Texas, and Bryan County in the State of Oklahoma.

Any counties contiguous to the above named primary counties and not listed herein have been previously declared.

All other information remains the same, i.e., the deadline for filing applications for physical damage is March 9, 2001 and for economic injury the deadline is October 9, 2001.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008.)

Dated: January 30, 2001.

**Herbert L. Mitchell,**

*Associate Administrator for Disaster Assistance.*

[FR Doc. 01-3029 Filed 2-5-01; 8:45 am]

BILLING CODE 8025-01-P

## OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

### Generalized System of Preferences; Import Statistics Relating to Competitive Need Limitations; Invitation for Public Comment

**AGENCY:** Office of the United States Trade Representative.

**ACTION:** Notice; invitation for public comment.

**SUMMARY:** The Office of the U.S. Trade Representative is publishing a corrected notice in this matter. A previous notice dated January 31, 2001, and appearing at Vol. 66, No. 21, pages 8441-8459, contained numerous errors. Consequently, for the convenience of those seeking to comment in this matter, the agency is re-publishing the entire **Federal Register** notice.

The Trade Policy Staff Committee (TPSC) is informing the public of interim 2000 import statistics relating to Competitive Need Limitations (CNL)

under the Generalized System of Preferences (GSP) program. The TPSC also invites public comments by 5:00 p.m., Wednesday, March 14, 2001 regarding possible *de minimis* CNL waivers with respect to particular articles, and possible redesignations under the GSP program of articles currently subject to CNLs.

**FOR FURTHER INFORMATION CONTACT:** GSP Subcommittee, Office of the United States Trade Representative, 600 17th Street, NW., room 518, Washington, DC 20508. The telephone number is (202) 395-6971.

#### SUPPLEMENTARY INFORMATION:

##### I. Competitive Need Limitations

Section 503(c)(2)(A) of the Trade Act of 1974, as amended (the "1974 Act") (19 U.S.C. 2463(c)(2)(A)), provides for Competitive Need Limitations on duty-free treatment under the GSP program. When the President determines that a beneficiary developing country exported to the United States during a calendar year either (1) A quantity of a GSP-eligible article having a value in excess of the applicable amount for that year (\$95 million for 2000), or (2) a quantity of a GSP-eligible article having a value equal to or greater than 50 percent of the value of total U.S. imports of the article from all countries (the "50 percent" CNL), the President shall terminate GSP duty-free treatment for that article from that beneficiary developing country by no later than July 1 of the next calendar year.

##### II. Discretionary Decisions

###### A. *De Minimis* Waivers

Section 503(c)(2)(F) of the 1974 Act (19 U.S.C. 2463(c)(2)(F)) provides the President with discretion to waive the 50 percent CNL with respect to an eligible article imported from a beneficiary developing country if the value of total imports of that article from all countries during the calendar year did not exceed the applicable amount for that year (\$15 million for 2000).

###### B. *Redesignation of Eligible Articles*

Where imports of an eligible article from a beneficiary developing country ceased to receive duty-free treatment due to exceeding the CNL in a prior year, Section 503(c)(2)(C) of the 1974 Act (19 U.S.C. 2463(c)(2)(C)) provides the President with discretion to redesignate such an article for duty-free treatment if imports in the most recently completed calendar year did not exceed the CNLs.

<sup>5</sup> 17 CFR 200.30-3(a)(12).