

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-42332; File No. SR-Phlx-99-59]

**Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Exemptions for Certain Customer Executions Via AUTOM and Increases to Options Transaction Charges for Firms, ROTs and Specialists**

January 12, 2000.

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 December 27, 1999, 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.

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

The Phlx proposes to amend its schedule of dues, fees and charges to exempt from customer per contract transaction and comparison fees, customer executions on orders of 250 contracts or less delivered through the Exchange's Automated Options Market ("AUTOM") electronic delivery and execution system. The Exchange also proposes to increase transaction charges by \$.02 per contract for firm and registered options trade transactions and \$.04 per contract for specialist transactions. The proposed effective date of these amended charges is at the opening of business, January 3, 2000. The text of the proposed rule change follows. New text is italicized and deleted text is bracketed.

**SUMMARY OF EQUITY OPTION CHARGES**

Option Comparison Charge (applicable to all trades—except specialist trades):

	Per contract	
Registered Option Trader .....	\$.03	
Firm ([Property] <i>Proprietary</i> [and Customer Execution]) .....	\$.04	
<i>x Customer Executions</i> .....	\$.04	
Option Transaction Charge:		
13 <i>x</i> Customer Executions:		
<i>Market value less than \$1.00 *</i>	\$.10	
<i>Market value \$1.00 or over * ...</i>	\$.10	
Firm ** .....	\$.0[6]8	

Registered Option Trader [and Specialist] .....	\$.1[4]6
<i>Specialist</i> .....	\$.18
Option Floor Brokerage Assessment	
5% of net floor brokerage income.	
Floor Brokerage Transaction Fee	
\$.05 per contract, for floor brokers executing transactions for their own member firms	
See Appendix A for additional fees.	

\* Block transaction for customer executions of 500 to 999 contracts and 1000 contracts and more are eligible for a discount to such charges of 15% and 25% respectively from the stated rates upon submission to the PHLX of a customer option block discount request form with supportive documentation within thirty (30) days of monthly billing date.

\*\* Non-clearing firm members' proprietary transactions are eligible for the "firm" rate based upon submission of a PHLX rebate request form with supportive documentation within thirty (30) days of invoice date.

*x Customer executions on orders delivered through the Exchange's Automated Options Market ("AUTOM") electronic delivery and execution system of 250 contracts or less are exempt from these charges.*

**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 self-regulatory organization 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 self-regulatory organizations 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 Statutory Basis for, the Proposed Rule Change**

**1. Purpose**

The purpose of this proposed rule change is to amend the Phlx's fee schedule to exempt all customer executions on orders delivered through AUTOM electronic delivery and execution system of 250 contracts or less from equity option transaction and comparison charges and to offset the fee exemption by imposing increased per contract option transaction charges on firm, registered options traders and specialist executions to achieve a revenue neutral effect. The proposed amended schedule of equity option charges is designed to promote the Exchange's reputation as a cost effective environment for both customers and

traders to transact their options business.<sup>3</sup>

The Phlx believes that the amended equity option charges are reasonable and equitable and will encourage customer order flow to be executed over the Exchange's AUTOM electronic delivery and execution system by exempting customer transactions from per contract transaction and comparison charges. The amended schedule of equity options charges affords retail broker/dealers cost savings respecting electronic delivery and executions of customer orders.

The Exchange believes that these changes will help it to meet the changing needs of customers in the marketplace and give the Exchange better means of competing with other options exchanges for order flow, particularly in multiply traded issues. The Exchange also believes the changes will allow the Exchange to enhance its operational efficiency.

**2. Statutory Basis**

The Exchange represents that the proposed rule change is consistent with Section 6(b) of the Act<sup>4</sup> in general and furthers the objectives of Section 6(b)(4)<sup>5</sup> in particular because it provides for the equitable allocation of reasonable dues, fees and other charges among its members.<sup>6</sup>

**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**

The Exchange neither solicited nor received written comments.

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

The foregoing rule change establishes or changes a due, fee, or other charge and, therefore, has become effective pursuant to Section 19(b)(3)(A) of the

<sup>1</sup> Only Exchange member organizations are permitted to enter orders on AUTOM and are charged the relevant fees by the Exchange. Therefore, only members of the Exchange will be directly affected by this proposed rule change. Telephone conversation between Murray Ross, Secretary, and Madge M. Hamilton on January 4, 2000.

<sup>4</sup> 15 U.S.C. 78f(b).

<sup>5</sup> 15 U.S.C. 78f(b)(4).

<sup>6</sup> In reviewing this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

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

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

Act<sup>7</sup> of Rule 19b-4 thereunder.<sup>8</sup>ays 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 20549-0609. 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 at the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-Phlx-99-59 and should be submitted by February 11, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>9</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 00-1476 Filed 1-20-00; 8:45am]

**BILLING CODE 8010-01-M**

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#### SMALL BUSINESS ADMINISTRATION

##### Reporting and Recordkeeping Requirements Under OMB Review

**AGENCY:** Small Business Administration.

**ACTION:** Notice of reporting requirements submitted for OMB review.

**SUMMARY:** Under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35), agencies are required to submit proposed reporting and recordkeeping requirements to OMB for review and approval, and to publish a

notice in the **Federal Register** notifying the public that the agency has made such a submission.

**DATES:** Submit comments on or before February 22, 2000. If you intend to comment but cannot prepare comments promptly, please advise the OMB Reviewer and the Agency Clearance Officer before the deadline.

*Copies:* Request for clearance (OMB 83-1), supporting statement, and other documents submitted to OMB for review may be obtained from the Agency Clearance Officer.

**ADDRESSES:** Address all comments concerning this notice to: Agency Clearance Officer, Jacqueline White, Small Business Administration, 409 3rd Street, SW, 5th Floor, Washington, DC 20416; and OMB Reviewer, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC 20503.

**FOR FURTHER INFORMATION CONTACT:** Jacqueline White, Agency Clearance Officer, (202) 205-7044.

##### SUPPLEMENTARY INFORMATION:

*Title:* Disaster Home Business Loan Inquiry Record.

*Form No:* 700.

*Frequency:* On Occasion.

*Description of Respondents:* Victims in Presidentially declared disasters.

*Annual Responses:* 53,478.

*Annual Burden:* 13,370.

**Jacqueline White,**

*Chief, Administrative Information Branch.*

[FR Doc. 00-1436 Filed 1-20-00; 8:45 am]

**BILLING CODE 8025-01-U**

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#### SMALL BUSINESS ADMINISTRATION

##### Reporting and Recordkeeping Requirements Under OMB Review

**AGENCY:** Small Business Administration.

**ACTION:** Notice of Reporting Requirements Submitted for OMB Review.

**SUMMARY:** Under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35), agencies are required to submit proposed reporting and recordkeeping requirements to OMB for review and approval, and to publish a notice in the **Federal Register** notifying the public that the agency has made such a submission.

**DATES:** Submit comments on or before March 21, 2000. If you intend to comment but cannot prepare comments promptly, please advise the OMB Reviewer and the Agency Clearance Officer before the deadline.

*Copies:* Request for clearance (OMB 83-1), supporting statement, and other

documents submitted to OMB for review may be obtained from the Agency Clearance Officer.

**ADDRESSES:** Address all comments concerning this notice to: Agency Clearance Officer, Jacqueline White, Small Business Administration, 409 3rd Street, S.W., 5th Floor, Washington, D.C. 20416; and OMB Reviewer, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, D.C. 20503.

**FOR FURTHER INFORMATION CONTACT:** Jacqueline White, Agency Clearance Officer, (202) 205-7044.

##### SUPPLEMENTARY INFORMATION:

*Title:* Disaster Declaration Governor's Form No: N/A.

*Frequency:* On Occasion.

*Description of Respondents:* States requesting a Presidential Disaster Declaration.

*Annual Responses:* 57.

*Annual Burden:* 1,140.

**Jacqueline White,**

*Chief, Administrative Information Branch.*

[FR Doc. 00-1437 Filed 1-20-00; 8:45 am]

**BILLING CODE 8025-01-U**

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#### SMALL BUSINESS ADMINISTRATION

##### Reporting and Recordkeeping Requirements Under OMB Review

**AGENCY:** Small Business Administration.

**ACTION:** Notice of Reporting Requirements Submitted for OMB Review.

**SUMMARY:** Under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35), agencies are required to submit proposed reporting and recordkeeping requirements to OMB for review and approval, and to publish a notice in the **Federal Register** notifying the public that the agency has made such a submission.

**DATES:** Submit comments on or before March 21, 2000. If you intend to comment but cannot prepare comments promptly, please advise the OMB Reviewer and the Agency Clearance Officer before the deadline.

*Copies:* Request for clearance (OMB 83-1), supporting statement, and other documents submitted to OMB for review may be obtained from the Agency Clearance Officer.

**ADDRESSES:** Address all comments concerning this notice to: Agency Clearance Officer, Jacqueline White, Small Business Administration, 409 3rd Street, S.W., 5th Floor, Washington, D.C. 20416; and OMB Reviewer, Office of Information and Regulatory Affairs,

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>8</sup> 17 CFR 240.19b-4(f)(2).

<sup>9</sup> 17 CFR 200.30-3(a)(12).