

SR-ISE-00-01 and should be submitted by March 27, 2000,

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

**Margaret H. McFarland,**  
*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42464; File No. SR-Phlx-99-26]

### Self-Regulatory Organizations; Notice of Filing of Proposed Amendment to the By-Laws and Corresponding Changes to the Rules of the Philadelphia Stock Exchange, Inc., Relating to Various Committees

February 28, 2000.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act" or "Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on July 30, 1999, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Phlx filed an amendment to the proposed by-law change on October 4, 1999.<sup>3</sup> The Commission is publishing this notice to solicit comments on the proposed by-law change from interested persons.

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

The Phlx proposes to amend its By-laws as follows: (i) By-Law Article III, § 3-5, 3-6, 3-7, 3-8, 3-9, 3-12, Article IV, § 4-7, Article V, § 5-5, Article X, § 10-1, 10-4 and 10-11, combining the Nominating and Elections Committees; (ii) By-Law Article X, § 10-8 and 10-14 eliminating the Arbitration Committee and transferring its functions to the Executive Committee; and (iii) By-Law

Article XI, § 11-1, to create a single Quality of Markets Committee. The Phlx also proposes to make technical changes to certain of its rules to reflect the changes to the by-laws.<sup>4</sup>

#### 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 organization 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 Exchange has proposed By-law amendments to provide for streamlining the committee process as follows: (i) Dissolving the Arbitration Committee, whose limited remaining functions would be transferred to the Executive Committee, who will oversee ongoing arbitrations filed before the transfer of arbitration responsibilities to the National Association of Securities Dealers, Inc. ("NASD") in October, 1998;<sup>5</sup> (ii) dissolving the Elections Committee whose functions would be transferred to the Nominating Committee; and (iii) consolidating the three Quality of Markets Committees into a single Quality of Markets Committee with responsibilities for all three Phlx trading floors.

First, the Exchange proposes to dissolve the Arbitration Committee and transfer its duties to the Executive Committee. Specifically, the Exchange proposes to rescind By-Law Article X, § 10-8, entitled Arbitration Committee, and move its remaining powers to the Executive Committee by By-Law Article X, § 10-14(d). Additionally, the Exchange proposes to delete reference to the Arbitration Committee in By-Law Article XI, § 11-1(a). These changes are intended to eliminate a standing committee, while transferring its responsibilities to the Executive Committee whose powers are broadly

provided for in By-Law Article X, § 10-14.

By way of background, the Exchange ceased accepting arbitration cases on October 1, 1998. Jurisdiction for Phlx arbitration cases now resides with the NASD. Currently, the exchange is processing and closing the cases that were filed prior to October 1, 1998. Following the cessation of these cases, the arbitration function at the Exchange will cease, as will the need for any committee oversight of these matters. In addition, based on the experience since October 1, 1998 to the present, the Exchange believes that any remaining questions requiring committee oversight will be minimal.

Second, the Exchange proposes several changes to the Nominating Committee and the Elections Committee, essentially collapsing them into a single committee. The Exchange proposes to rescind By-Law Article X, § 10-13, entitled Elections Committee, and moves its powers to the Nominating Committee in By-Law Article III, § 3-5(e). The Exchange proposes changing the name of the Nominating Committee to the Nominating and Elections Committee in By-Law Article II, § 3-5, 3-6, 3-7, 3-8, 3-9 and 3-12, Article IV, § 4-7, Article VI § 5-5, Article X, § 10-1 and 10-4 and Article XI, § 11-1. These changes are intended to streamline the functions of these two committees, as described more fully below.

The Elections Committee performs the limited, yet important function of administering membership elections. The Nominating Committee submits nominations for industry Governors who stand for election by the members. It also submits nominations for non-industry Governors. Because these two Committees perform functions related to the election and appointment of Governors of the Exchange, the Exchange believes that the merging of the Elections Committee with the Nominating Committee will not impair the functioning of any of their tasks.<sup>6</sup> In fact, merging these responsibilities should improve efficiency as well as coordination, as the same group of committee members will oversee the complete election-related process.

Finally, the Exchange proposes to reduce the number of Quality of Markets Committees from three to one, also to improve efficiency. Specifically, the

<sup>6</sup> The Commission notes that the Exchange currently has a policy of engaging an independent auditing firm to administer elections. This practice will continue following the merger of the Nominations Committee and the Elections Committee. Phone call between John Dayton, Phlx, and Christine Richardson, Division of Market Regulation, Commission, February 23, 2000.

<sup>11</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.

<sup>3</sup> See Letter to Michael Walinskas, Associate Director, Division of Market Regulation, Commission, from John Dayton, Counsel, Phlx, dated October 1, 1999 ("Amendment No. 1"). Amendment No. 1 proposes certain technical changes. Specifically, it amends Phlx Rule 930 to reflect the fact that the Arbitration Committee is being eliminated from the by-laws. Amendment No. 1 also proposes changes to Phlx Rule 950, §§ 1 and 2, to reflect the elimination of the Arbitration Committee.

<sup>4</sup> See Amendment No. 1.

<sup>5</sup> See Securities Exchange Act Release No. 40517 (October 1, 1998), 63 FR 54177 (October 8, 1998) (SR-Phlx-98-28).

Exchange proposes to amend By-Law Article X, § 10–20 to reduce the number of these Committees from three (one respecting each of the three trading floors) to one, as well as to ensure that the Committee will contain at least as many non-industry as industry members. The current language requires that the present Committees are “equally balanced”. The proposed language gives the Exchange more flexibility to constitute the proposed Committee while retaining the appropriate non-industry representation.<sup>7</sup> The exchange proposes to amend By-Law Article X, § 10–16, 10–17 and 10–19 to conform the language contained therein to the existence of only one Quality of Markets Committee. The Exchange believes that these changes should also improve the input of the Quality of Markets Committee on the overall committee process by taking advantage of the overlap in issues emanating from each of the three trading floors, as well as providing for more singular input. In summary, these proposed amendments are designed to create a more efficient committee process and save the Exchange certain costs related to convening committees.

Given the composition requirements of the Committees and the scheduling problems associated with convening meetings in Philadelphia for a significant number of public, non-industry as well as industry Governors not associated with Philadelphia-based member organizations, the proposed amendments are designed to make the Committee process more efficient, while lowering costs. The Exchange believes that this consolidation of committee functions will be beneficial to the functioning of the committee process by decreasing the number of committee assignments for some public, non-industry and industry Governors, allowing them to concentrate more of their energies to their remaining assignments. The Exchange believes the quality of information received from the committees by the Board of Governors will not be affected by the consolidation.

## 2. Basis

The Exchange believes that the proposal is consistent with Section 6 and, specifically with Section 6(b)(3) of the Act, in that it continues to assure Phlx members fair representation in the administration of the Exchange's affairs

<sup>7</sup> The proposed language provides that “[t]he [Quality of Markets] Committee will have broad representation that shall include at least as many non-industry as industry Committee members.” See Proposed Phlx By-Law Art. X, § 10.20.

by providing a committee structure that is more efficient and accessible in achieving the goals of the Exchange and the membership.

### 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 that is not necessary or appropriate in furtherance of the purposes of this Act.

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

Written comments on the proposed rule change 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 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 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 the Commission's Public Reference Room, located at the above address. Copies of such filing will also be available for inspection and copying at the principal office of the self-regulatory organization. All submissions should

refer to File No. SR–Phlx–99–26 and should be submitted by March 27, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**Margaret H. McFarland,**  
Deputy Secretary.

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## DEPARTMENT OF STATE

[Public Notice No. 3230]

### Renewal of Defense Trade Advisory Group Charter

The Charter of the Defense Trade Advisory Group (DTAG) is being renewed for a two-year period. The membership of this advisory committee consists of private sector defense trade specialists appointed by the Assistant Secretary of State for Political-Military Affairs who advise the Department on policies, regulations, and technical issues affecting defense trade.

**FOR FURTHER INFORMATION CONTACT:** Mike Slack, DTAG Secretariat, U.S. Department of State, Office of Regional Security and Arms Transfer Policy (PM/RSAT), Room 7424 Main State, Washington, D.C. 20520–2422. Phone: (202) 647–2882, Fax: (202) 647–9779.

Dated: February 28, 2000.

**Gregory M. Suchan,**  
Executive Secretary, Defense Trade Advisory Group, Department of State.

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## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### Notice of Availability of a Draft Environmental Impact Statement for Implementation of Air Traffic Noise Abatement Procedures at T.F. Green Airport, Warwick, RI

**AGENCY:** Federal Aviation Administration, DOT.

**ACTION:** Notice of availability of a Draft Environmental Impact Statement.

**SUMMARY:** In accordance with Council on Environmental Quality's Regulations (Authority: 40 CFR 1500–1508) and FAA Order 1050.1D, Policies and Procedures for Considering Environmental Impacts, the Federal Aviation Administration (FAA) is making available the Draft

<sup>8</sup> 17 CFR 200.30–3(a)(12)