proposes to eliminate the on-line comparison charge of $0.05 per contract for customer executions.[4] The Exchange will continue to charge $0.05 per contract for firm and market maker executions. The Exchange believes that these proposed changes will attract order flow to the Exchange and enable it to remain competitive.

The Exchange also proposes to increase the market maker transaction fee from $0.185 to $0.235 per contract side and to implement a floor brokerage fee of $0.01 per contract, charged to the executing floor broker member. The Exchange believes that the proposed fees will (1) help offset the proposed reduction of customer transaction fees and the elimination of customer online comparison charges, and (2) cover the operational charges associated with running the PCX options floor.

Finally, the Exchange proposes to clarify that the PCX does not pay to the OIC each $0.01 charged to PCX market makers. On August 26, 1992, the Commission approved an Exchange proposal to increase certain market maker transaction charges by $0.01 in order to fund an OIC industry-wide options education and media program.[5] Since 1992, the Exchange has continued to fund the program by reimbursing the OIC for the PCX's share of OIC expenses. These expenses are billed to the PCX on a regular basis, as the OIC incurs them.

The Exchange notes that it does not pay to the OIC each $0.01 per contract side charged to each PCX market maker. In recent years, the amount charged has exceeded the amount paid for OIC expenses by 16% to 37%.[6] The Exchange represents that if it pays less into the OIC program than it has collected (on an aggregate $0.01 per contract basis), then it will treat that excess amount as ordinary revenue. Conversely, if the PCX pays the OIC more than has been collected (on an aggregate $0.01 basis), the Exchange will treat the amount that is over and above what it has collected as an ordinary business expense.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act[7] in general, and furthers the objectives of Section 6(b)(4)[8] in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities.

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

The PCX 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 the Act.

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

The Exchange did not solicit or receive comments on the proposed rule change.

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

The proposed rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,[9] and Rule 19b–4(f)(2) thereunder,[10] in that it establishes or changes a due, fee, or other charge imposed by the Exchange. At any time within 60 days of the filing of such 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 furtherance of the purposes of the Act.[11]

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, N.W., Washington, D.C. 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 will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to the File No. SR–PCX–00–14 and should be submitted by August 8, 2000.

For the Commission, by the Division of Market Regulations, pursuant to delegated authority.[12]

Margaret H.McFarland,

Deputy Secretary.

[FR Doc. 00–18070 Filed 7–17–00; 8:45 am]

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not apply to customer orders in the limit order book that were executed as part of an opening rotation.

[4] The Exchange charges the on-line comparison charge for matching buyers and sellers. This charge will not apply to customers orders executed manually or electronically. Telephone conversation between Michael Pierson, Vice President, Regulatory Policy, PCX, Sonia Patton, Attorney, Division of Market Regulation (''Division''), Commission, and Susie Cho, Attorney, Division, Commission, June 13, 2000.

[5] *See* Securities Exchange Act Release No. 31098 (Aug. 26, 1992), 57 FR 40238 (Sept. 2, 1992).

[6] The Exchange increased the charge for manual transactions of market makers in equity options from $0.085 to $0.095 and in index options from $0.10 to $0.11. *See* Securities Exchange Act Release No. 31098 (Aug. 26, 1992), 57 FR 40238 (Sept. 2, 1992).

[7] 15 U.S.C. 78f(b).

[8] 15 U.S.C. 78f(b)(4).

[9] 15 U.S.C. 78c(b)(3)(A)(ii).

[10] 17 CFT 240.19b–4(f)(2).

[11] In reviewing this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

[12] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–43025; File No. SR–PCX–99–40]

Self-Regulatory Organizations; Pacific Exchange, Inc.; Order Approving Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 1 to the Proposed Rule Change Relating to Order Book Officials

July 12, 2000.

I. Introduction

On October 8, 1999, the Pacific Exchange, Inc. (''PCX'' or ''Exchange'') submitted to the Securities and Exchange Commission (''SEC'' or ''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder,[2] a proposed rule change to modify its rules pertaining to the Exchange's order book officials (''OBOs''). The proposed rule change was published for comment in the **Federal Register** on November 4, 1999.[3] The Commission received on comments on the proposal. On May 25, 2000, the Exchange submitted Amendment No. 1 to the proposed rule change.[4] This order approves the proposal, as amended.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] Exchange Act Release No. 42068 (October 28, 1999), 64 FR 60259.

[4] Letter from Robert P. Pacileo, Senior Attorney, Regulatory Policy, PCX, to Nancy J. Sanow, Senior Special Counsel, Division of Market Regulation,

Continued

II. Description of the Proposal

The Exchange proposes to amend PCX Rule 6 (''Options Trading—Rules Principally Applicable to Trading of Options Contracts'') by deleting certain Options Floor Procedure Advices (''OFPAs'') and incorporating their relevant language into the text of PCX Rule 6.

OFPA E–2 addresses market maker assignments and will be incorporated into PCX Rule 6.51(b). This proposed change will require that a list of market makers holding primary appointments in a particular issue be maintained by the OBO at each trading post where the issue is traded. This modifies the current rule by requiring the OBO to maintain the market maker appointment list, instead of the Options Floor Manager and the Options Appointment Committee, which currently maintain the lists.

OFPA A–4, which addresses the timeliness of entering orders in the limit order book, is proposed to become PCX Rule 6.52(c). In addition, the Exchange proposes to require OBOs to report to Floor Officials, instead of the Options Floor Trading Committee (''OFTC''), any instances that appear to violate a floor broker's obligation to ensure that the urgency of dealing with the book at any given moment is consistent with the maintenance of a fair and orderly book market. Floor brokers are required to enter orders into the book in a timely manner. In some instances, however, a floor broker's attempt to enter an order that is reasonably away from the market,[5] which therefore does not possess an immediate urgency, may be disruptive to the book market. In such instances, the OBO is currently required to report such disruptive behavior to the OFTC. The Exchange proposes to permit the OBO to report such violations to a Floor Official instead of the OFTC.[6]

In addition, the Exchange proposes to delete the last sentence of Commentary .01 to PCX Rule 6.52. This sentence currently states ''(a)s of the effective date of these rules, the Committee has not designated any additional types of orders that may be accepted by the order book officials.''

Finally, OFPA B–7, which details when a call for market makers is issued, is proposed to become Commentary .01 to PCX Rule 6.53; and OFPA G–4, which defines the term ''displayed'' as used in PCX Rule 6.56, is proposed to be added to the text of PCX Rule 6.56. Neither of these two proposals contains any substantive amendments.

III. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.[7] In particular, the Commission finds that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act,[8] which requires, among other things, that the rules of an exchange be designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, and in general, to protect investors and the public interest.

The Commission believes that the proposed rule change should foster efficiency in the implementation and enforcement of the Exchange's rules. Currently, members have to refer to both the Exchange's rules as well as the OFPAs to ensure that they are complying with the rules of the Exchange. The proposal combines selected OFPAs and Exchange rules that address the obligations of OBOs into one location. The Commission believes that this change should make it easier for Exchange members to locate pertinent rule language.

The proposed rule change also contains some amendments to the Exchange's current procedures. For example, OBOs will now be required to maintain market maker assignment lists at each trading post. Currently, the Options Floor Manager, along with the Options Appointment Committee maintain the market maker assignment list. The Commission believes that because the OBO will be able to provide market maker assignment information faster than the current procedure, this change should foster efficiency on the floor of the Exchange. In addition, this proposal should assist trading functions on the floor because market makers are more readily identifiable by OBOs.

The Commission also finds the proposal to amend the procedure for reporting violations by floor brokers of their obligation to deal with the book in a manner that is consistent with the maintenance of an orderly book market to be consistent with the Act. Currently, such violations by floor brokers must be reported to the entire OFTC. Upon approval of this order, OBOs will have to report such violations to a Floor Official. This should allow the Exchange to take more immediate action after a violation occurs because OBOs will only have to report disruptive action to a Floor Official instead of the entire OFTC.

The Exchange proposed to delete language in Commentary .01 to PCX Rule 6.52, which relates to the OFTC's authority to designate the types of orders that must be accepted by the OBOs. The Commission believes that the deleted language is redundant and, therefore, unnecessary when read in relation to the first sentence of the Commentary. The first sentence specifically states that OBOs are obligated to accept limit orders and such other orders as may be designated by the OFTC. The deleted language only states that no other orders have been so designated by the OFTC as of the date of the Rules. Thus, OBOs are still required to accept all orders designated by the OFTC.

Finally, the Commission finds good cause to accelerate approval of Amendment No. 1 to the proposed rule change prior to the thirtieth day after the date of publication of notice thereof in the **Federal Register.** In Amendment No. 1, the Exchange clarified how Floor Officials determine if an order is reasonably away from the book market for purposes of proposed PCX Rule 6.52(c). In addition, the Exchange stated that floor brokers will be subject to disciplinary action for violations of proposed PCX Rule 6.52(c). The commission believes that Amendment No. 1 provides only further clarification to the proposed rule change and does not change the substance of the proposed rule. Therefore, the Commission believes that good cause exists, consistent with Section 6(b)(5)[9]

SEC, dated May 24, 2000 (''Amendment No. 1''). In Amendment No. 1, the Exchange clarified how the Exchange determines when an order is considered to be reasonably away from the book market, pursuant to PCX Rule 6.52(c). In addition, the Exchange stated that a floor broker that violates PCX Rule 6.52(c) may be subject to a Minor Rule Plan Violation under PCX Rule 10.13(h)(16) or may be found to be in violation of PCX Rule 6.2(c)(2).

[5] According to the Exchange, floor officials determine on a case-by-case basis if an order is reasonably away from the book market by considering, among other things, market volatility, spreads, unusual market conditions, and the number of contracts traded in the issue. *See* Amendment No. 1.

[6] A floor broker that attempts to enter an order that is reasonably away from the book market may be found in violation of Minor Rule Plan Violation Rule 10.13(h)(16) or may be found in violation of PCX Rule 6.2(c)(2) regarding standards of conduct on the floor. Upon a report by an OBO, the Floor Official will document the alleged violation and forward it to the Exchange's Enforcement Division for review. *See* Amendment No. 1.

[7] 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).

[8] 15 U.S.C. 78f(b)(5).

[9] 15 U.S.C. 78f(b)(5).

and Section 19(b)[10] of the Act, to accelerate approval of Amendment No. 1 to the proposed rule change.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[11] that the proposed rule change (SR–PCX–99–40), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[12]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00–18072 Filed 7–17–00; 8:45 am]

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[10] 15 U.S.C. 78s(b).

[11] 15 U.S.C. 78s(b)(2).

[12] 17 CFR 200.30–3(a)(12).

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

Aviation Proceedings

Aviation Proceedings, Agreements filed during the week ending June 30, 2000. The following Agreements were filed with the Department of Transportation under the provisions of 49 U.S.C. 412 and 414. Answers may be filed within 21 days after the filing of the application.

Docket Number: OST–2000–7582.
Date Filed: June 26, 2000.
Parties: Members of the International Air Transport Association.
Subject: PTC2 AFR 0089 dated 23 June 2000, Mail Vote 077—Resolution 010z, TC2 Within Africa Special Passenger Amending Resolution, Intended effective date: 1 July 2000.

Docket Number: OST–2000–7583.
Date Filed: June 27, 2000.
Parties: Members of the International Air Transport Association.
Subject: PTC3 0443 dated 23 June 2000, Mail Vote 078—Resolution 010a, TC3 Special Passenger Amending Resolution (Japan/Korea-South East Asia), Intended effective date: 1 July 2000.

Docket Number: OST–2000–7584.
Date Filed: June 27, 2000.
Parties: Members of the International Air Transport Association.
Subject: PTC COMP 0647, Mail Vote 079—Resolution 010b, TC2/12/23 Special Passenger Amending Resolution from Kuwait, Intended effective date: 1 July 2000.

Dorothy Y. Beard,

Federal Register Liaison.

[FR Doc. 00–18132 Filed 7–17–00; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

Aviation Proceedings

Aviation Proceedings, Agreements filed during the week ending July 7, 2000. The following Agreements were filed with the Department of Transportation under the provisions of 49 U.S.C. 412 and 414. Answers may be filed within 21 days after the filing of the application.

Docket Number: OST–2000–7612.
Date Filed: July 3, 2000.
Parties: Members of the International Air Transport Association.
Subject: PTC2 EUR–ME 0093 dated 30 June 2000, Europe-Middle East Expedited Resolution 002j, Intended effective date: 1 August 2000.

Docket Number: OST–2000–7613.
Date Filed: July 3, 2000.
Parties: Members of the International Air Transport Association.
Subject: PTC12 USA–EUR 0102 dated 27 June 2000 North Atlantic USA–Europe Resolutions r1–r26, PTC12 USA–EUR 0103 dated 30 June 2000 (Technical Correction), Minutes—PTC12 USA–EUR 0100 dated 23 June 2000, Tables—PTC12 USA–EUR Fares 0045 dated 30 June 2000, Intended effective date: 1 November 2000.

Docket Number: OST–2000–7614
Date Filed: July 5, 2000.
Parties: Members of the International Air Transport Association.
Subject: CTC COMP 0287 dated 2 June 2000, Worldwide Area Resolutions, (Except USA/US Territories), Minutes—CTC COMP 0292 dated 20 June 2000, Intended effective date: 1 October 2000 .

Docket Number: OST–2000–7615.
Date Filed: July 6, 2000.
Parties: Members of the International Air Transport Association.
Subject: PTC2 EUR–ME 0094 dated 4 July 2000, TC2 Europe-Middle East Expedited Resolutions r1-r3, Intended effective date: 15 August/1 September 2000.

Docket Number: OST–2000–7621.
Date Filed: July 7, 2000.
Parties: Members of the International Air Transport Association.
Subject: PTC2 ME 0081 dated 23 June 2000, TC2 Within Middle East Expedited Resolution 002e, Intended effective date: 15 August 2000.

Docket Number: OST–2000–7622.
Date Filed: July 7, 2000.
Parties: Members of the International Air Transport Association.
Subject: CTC COMP 0286 dated 2 June 2000, Composite Resolutions, Intended effective date: 1 October 2000.

Dorothy Y. Beard,

Federal Register Liaison.

[FR Doc. 00–18133 Filed 7–17–00; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Office of the Secretary

Certificates of Public Convenience; Applications

Notice of Applications for Certificates of Public Convenience and Necessity and Foreign Air Carrier Permits Filed Under Subpart Q during the Week Ending June 30, 2000. The following Applications for Certificates of Public Convenience and Necessity and Foreign Air Carrier Permits were filed under Subpart Q of the Department of Transportation's Procedural Regulations (See 14 CFR 302.1701 et. seq.). The due date for Answers, Conforming Applications, or Motions to Modify Scope are set forth below for each application. Following the Answer period DOT may process the application by expedited procedures. Such procedures may consist of the adoption of a show-cause order, a tentative order, or in appropriate cases a final order without further proceedings.

Docket Number: OST–1999–6385.
Date Filed: June 27, 2000.
Due Date for Answers, Conforming Applications, or Motion to Modify Scope: July 18, 2000.
Description: Motion of United Air Lines, Inc. for leave to file a Supplement to its application for a certificate of public convenience and necessity to provide scheduled foreign air transportation of persons, property and mail between the United States and the addition of the following points to the list of countries included in Appendix A of its application: Comoros; Cyprus; Dominica; French Guyana; French Polynesia; Lesotho; Macau; Maldives; Marshall Islands; Micronesia, Federated States of Mongolia; Palau; Portugal; Qatar; St. Kitts & Nevis; St. Vincent & Grenadines; Samoa; Swaziland; Turks and Caicos; for the Department's convenience, United has attached a Revised Appendix A, which includes all of these points. United is supplementing it's application to include countries with which the U.S. has signed open skies agreements since United filed its original application as well as countries which were included in competing omnibus certificate applications of other carriers.

Docket Number: OST–2000–7588.
Date Filed: June 27, 2000.