

on a permanent basis.⁷ In that filing, the Exchange also submitted its report back to the Commission addressing the representation of Exchange interests on the Committee. The Commission has requested that the Exchange file the instant proposed rule change to extend the current pilot program through November 17, 2000 in order to allow the Commission and the Exchange time to assess the Exchange's report and the operation of the Committee in general.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b)(5) of the Act⁸ which requires that the rules of an Exchange be designed to perfect the mechanisms of a free and open market and a national market system, and to protect investors and the public interest.

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

The Exchange 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

The Exchange has neither solicited nor received written comments on the proposed rule change, as amended.

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

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(iii) of the Act⁹ and Rule 19b-4(f)(6)¹⁰ thereunder because the proposed rule change does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; provided the Exchange has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. At any time within 60

days of the filing of a rule change pursuant to Section 19(b)(3)(A) of the Act, the Commission may summarily abrogate the 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.

The Commission finds that it is appropriate to accelerate the effective date of the proposed rule change and to permit the proposed rule change to become immediately effective because the proposal simply extends a previously approved pilot program until November 17, 2000. The Commission also finds it appropriate to waive the 5-day pre-filing requirement. By extending the pilot program, the Commission will enable the Committee to be in place and operational in the event of any extraordinary market conditions or emergencies at the Exchange, and will afford the Commission and the Exchange the opportunity to assess the Exchange's report concerning the representation of all interests on the Emergency Committee.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 in 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-Phlx-00-76 and should be submitted by September 15, 2000.

¹¹ For purposes only of accelerating the operative date of this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-21747 Filed 8-24-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43177; File No. SR-PHLX-00-77]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by Philadelphia Stock Exchange, Inc. Relating to a Payment for Order Flow Fee

August 18, 2000.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 11, 2000, the Philadelphia Stock Exchange, Inc. ("Phlx" or the "Exchange") 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 the Phlx. 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

The Phlx proposes to adopt a payment for order flow fee of a \$1.00 per contract to be imposed on transactions by Phlx specialists and Registered Options Traders ("ROTs") in the Top 120 Options on the Phlx.³ It would not apply to ROT-to-ROT or specialist-to-ROT transactions. The proposed fee will be effective as of August 1, 2000.⁴

¹² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ A Top 120 Option is defined as one of the 120 most actively traded equity options in terms of the total number of contracts that were traded on all U.S. options markets for the period January 1, 2000 through June 30, 2000, based on volume information provided by The Options Clearing Corporation. The Phlx will determine the Top 120 Options every six months, with the next measuring period commencing June 1, 2000 and ending on November 30, 2000. The proposed fee does not apply to index or currency options.

⁴ This fee is not eligible for the monthly credit of up to \$1,000 to be applied against certain fees, dues and charges and other amounts that certain members owe to the Exchange. See Securities Exchange Act Release No. 42791 (May 16, 2000); 65 FR 33606 (May 24, 2000).

⁷ SR-Phlx-00-63, filed with the Commission on July 14, 2000.

⁸ 15 U.S.C. 78f(b)(5).

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6).

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 Phlx 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 Phlx 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

The purpose of the proposed rule change is to generate a source of revenue to be used by specialists in Top 120 Options for payment for order flow in respect of such options. By way of background, the listed options market is undergoing fundamental changes as a result of numerous recent developments, including the multiple listing of options and impending intermarket linkage. The Exchange believes that it is necessary for it to adopt this type of fee in order to maintain and enhance the Exchange's competitive position—particularly in light of the fact that three of the four other options exchanges have either announced or implemented similar programs.

The Exchange will collect the fee on a monthly basis and segregate the funds received from the specialists⁵ and ROTs by option. The specialists will be able to use the funds collected with respect to a particular option to make payments to broker-dealers for order flow in that option, thereby attracting options orders to the Phlx. The specialists for each option will have discretion in establishing the amounts that will be paid to order flow providers in respect of order flow for that option. The specialist will receive these funds after submitting an Exchange form identifying the amount of the requested funds.⁶

The specialists will make all determinations concerning which order

flow providers will receive payments and the amounts that they will be paid for orders. In order to assist the Exchange in determining the effectiveness of the proposed fee, the specialists will account to the Exchange for the use they make of the funds collected. In addition, the Exchange will provide certain administrative duties to assist the specialists, such as performing any necessary accounting functions and keeping track of the number of qualified orders⁷ that firms direct to the Exchange.

The Exchange believes that ROT-to-ROT and specialists-to-ROT transactions should be excluded, because those are not the kind of transactions that the fee is designed to attract. Moreover, the Exchange does not wish to impose a fee on the hedging or rebalancing transactions in which ROTs engage in support of their affirmative market-making obligations.

In connection with any program involving payment for order flow that may be funded by this proposed fee, the Exchange will issue appropriate circulars to its members that emphasize the disclosure and best execution obligations of members who accept such payment. Any changes to the class of options to which this proposed fee applies, to the rate or rates at which the fee is assessed, or to the disposition by the Exchange of funds generated by the fee will be the subject of separate filings with the Commission pursuant to Section 19(b)(3)(A)(ii) of the Act.⁸

The proposed fee will be imposed on all transactions by specialists and ROTs in the Top 120 Options, other than ROT-to-ROT or specialists-to-ROT transactions. The Exchange envisions that the persons who pay the fees will also participate in the order flow derived from the proposed plan. The Exchange believes that, because the specialists and ROTs who pay the proposed fee should also receive the benefits of increased order flow, the proposed plan will provide for the equitable allocation of reasonable fees among the Exchange's members. Moreover, the Exchange believes that the fee should promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market, and protect investors and the public interest by attracting more order flow to the Exchange, which, in the Exchange's view, should result in increased liquidity, tighter markets, and more

competition among exchange members. Accordingly, the Exchange believes that its proposal is consistent with and furthers the objectives of the Act, including Sections 6(b)(4)⁹ and 6(b)(5)¹⁰ thereof.

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 the Act.

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

No written comments were solicited or received with respect to the proposed rule change.

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

Because the Phlx has designated the foregoing proposed rule change as a fee change pursuant to Section 19(b)(3)(A)(ii) of the Act¹¹ and Rule 19b-4(f)(2) thereunder,¹² the proposal has taken effect upon filing with the Commission. At any time within 60 days 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

The Commission, in the past, has raised serious concerns about payment for order flow and internalization.¹³ Payment for order flow is of concern because brokers who are paid to send their customers' orders to one exchange have a conflict of interest that may reduce their commitment to the duty they owe their customers to find the best execution available. While payment for order flow has been a common practice in the equities markets for some time, only recently has payment for order flow developed in the options markets. Despite these concerns, however, the Phlx's proposal involves

⁵ The Exchange uses the terms "specialist" and "specialist unit" interchangeably herein; often, the specialist unit is actually the party that is billed for fees and sends the payment.

⁶ The purpose of the form is to assist the Exchange in accurately accounting for and tracking funds transferred to specialists, consistent with normal bookkeeping and auditing practices. The specialists will make all determinations concerning those order flow providers who will receive payment and the amounts that they will be paid for orders.

⁷ The term "qualified orders" refers to transactions by specialists and ROTs in the Top 120 options on the Phlx.

⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ 15 U.S.C. 78f(b)(6).

¹¹ 15 U.S.C. 78s(b)(3)(A)(ii).

¹² 17 CFR 240.19b-4(f)(2).

¹³ See Securities Exchange Act Release No. 43112 (Aug. 3, 2000), 65 FR 49040 (Aug. 10, 2000); Securities Exchange Act Release No. 42450 (Feb. 23, 2000), 65 FR 10577 (Feb. 28, 2000); Securities Exchange Act Release No. 34902 (Oct. 27, 1994), 59 FR 55006 (Nov. 2, 1994). See also Securities Exchange Act Release No. 43084 (July 28, 2000).

the imposition of a fee and the Act gives exchanges wide latitude to establish, revise, and collect fees and other charges without prior Commission approval. The Commission invites interested persons to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule is consistent with the Act. In particular, the Commission asks persons who submit comments whether the payment for order flow facilitated by the Phlx's proposal raises greater or different concerns than payments for order flow at other options exchanges. After receiving comments, and at any time within 60 days from the date the Phlx filed its proposal, the Commission can decide to require the Phlx to stop collecting the fee, refile the proposal, and await Commission approval before reinstating the fee.

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 in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the Phlx. All submissions should refer to File No. SR-PHLX-00-77 and should be submitted by September 15, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-21748 Filed 8-24-00; 8:45 am]

BILLING CODE 8010-01-M

DEPARTMENT OF STATE

[Public Notice 3392]

Culturally Significant Objects Imported for Exhibition Determinations: "Utopia: The Search for the Ideal Society in the Western World"

DEPARTMENT: United States Department of State.

ACTION: Notice.

SUMMARY: Notice is hereby given of the following determinations: Pursuant to the authority vested in me by the Act of October 19, 1965 (79 Stat. 985, 22 U.S.C. 2459), the Foreign Affairs Reform and Restructuring Act of 1998 (112 Stat. 2681, *et seq.*), Delegation of Authority No. 234 of October 1, 1999, and Delegation of Authority No. 236 of October 19, 1999, as amended, I hereby determine that the objects to be included in the exhibition "Utopia: The Search for the Ideal Society in the Western World," imported from abroad for the temporary exhibition without profit within the United States, are of cultural significance. The objects are imported pursuant to loan agreements with the foreign lenders. I also determine that the exhibition or display of the exhibit objects at the New York Public Library in New York from on or about October 14, 2000 to on or about January 27, 2001, is in the national interest. Public Notice of these Determinations is ordered to be published in the **Federal Register**.

FOR FURTHER INFORMATION CONTACT: For further information, including a list of the exhibit object, contact Paul Manning, Attorney-Adviser, Office of the Legal Adviser, U.S. Department of State (telephone: 202/619-5997). The address is U.S. Department of State, SA-44, 301 4th Street, S.W., Room 700, Washington, D.C. 20547-0001.

Dated: August 18, 2000.

William B. Bader,

Assistant Secretary for Educational and Cultural Affairs, Department of State.

[FR Doc. 00-21798 Filed 8-24-00; 8:45 am]

BILLING CODE 4710-08-P

DEPARTMENT OF STATE

[Public Notice No. 3350]

Advisory Committee on Historical Diplomatic Documentation; Meeting

The Advisory Committee on Historical Diplomatic Documentation will meet in the Department of State, 2201 "C" Street NW, Washington, D.C., September 25-26, 2000 in Conference Room 1105. Prior notification and a valid photo are mandatory for entrance into the building. One week before the meeting, members of the public planning to attend must notify Gloria Walker, Office of Historian (202-663-1124) providing relevant dates of birth, Social Security numbers, and telephone numbers.

The Committee will meet in open session from 1:30 p.m. through 3:30

p.m. on Monday, September 25, 2000, to discuss declassification and transfer of Department of State electronic records to the National Archives and Records Administration and the modernization of the Foreign Relations series. The remainder of the Committee's sessions from 9:00 a.m. until 1:00 p.m. on Tuesday, September 26, 2000, will be closed in accordance with Section 10(d) of the Federal Advisory Committee Act (Pub. L. 92-463). The agenda calls for discussions of agency declassification decisions concerning the Foreign Relations series. These are matters not subject to public disclosure under 5 U.S.C. 552b(c)(1) and the public interest requires that such activities be withheld from disclosure.

Questions concerning the meeting should be directed to William Slany, Executive Secretary, Advisory Committee on Historical Diplomatic Documentation, Department of State, Office of the Historian, Washington, DC, 20520, telephone (202) 663-1123, (e-mail history@state.gov).

Dated: August 11, 2000.

William Slany,

Executive Secretary of the Advisory Committee on Historical Diplomatic Documentation, Department of State.

[FR Doc. 00-21797 Filed 8-24-00; 8:45 am]

BILLING CODE 4710-11-P

TENNESSEE VALLEY AUTHORITY

Sunshine Act Meeting

AGENCY HOLDING THE MEETING: Tennessee Valley Authority (Meeting No. 1522).

TIME AND DATE: 9 a.m. (EDT), August 29, 2000.

PLACE: TVA Knoxville West Tower Auditorium, 400 West Summit Hill Drive, Knoxville, Tennessee.

STATUS: Open.

Agenda

Approval of minutes of meeting held on July 19, 2000.

New Business

C—Energy

C1. Supplement to Contract No. TV-62311A with Tennessee Emergency Management Agency (TEMA) through which TEMA cooperates in the operation and maintenance of radiological emergency plans and programs for TVA's nuclear plants.

C2. Supplement to indefinite quantity term agreement Contract No. 98XCB-227396-000/001 with Porter Walker, Inc., for industrial consumables and nonpower hand tools.

¹⁴ 17 CFR 200.30-3(a)(12).