

BBO, *i.e.*, orders may be executed at prices that may be multiple trading increments better than the PCX's then-prevailing BBO. Furthermore, LMMs may execute improved prices regardless of whether the NBBO is locked or crossed. Auto-Ex prevents inbound orders from being executed at prices inferior to the NBBO. Pursuant to PCX Rule 6.87, only non-broker-dealer customer orders are eligible to be executed by Auto-Ex. The PCX designates the eligible order size, which may be between 20 and 50 option contracts, on an issue-by-issue basis.

c. Hand-Held Terminals. Member firms may electronically route orders to the PCX via the floor broker hand-held terminal system pursuant to PCX Rule 6.88. The system allows member firms to route their orders directly to POETS, to a member firm booth on the trading floor, or to a floor broker who is operating a hand-held terminal located in a trading crowd (or elsewhere) on the options floor. Accordingly, orders sent through MFI may be transmitted to a floor broker almost instantaneously for immediate representation in the trading crowd. In the event that option prices have changed to make an order immediately executable, the floor broker can submit the order to POETS for automatic execution (subject to the Exchange's order size requirements). The Exchange notes that the Report uses an extreme measurement standard—the NBBO at the time an order reaches the Exchange. Consequently, the Exchange believes that the reporting process may be subject to some positive or negative price movement. This will occur, for example, if there are changes in the price of the underlying security or there are other orders reaching the trading crowd between the time the original order reaches the trading floor and the time it is executed.

d. AOR. Option orders executed at the opening of trading are eligible for execution via the Exchange's Automated Opening Rotation ("AOR"). The AOR permits the Exchange to establish electronically, for eligible option series, a single price opening for executing eligible market and marketable limit orders in the POETS system. Under AOR, various series in an option issue may be opened simultaneously, so that orders in POETS in that issue are executed within seconds. Once the market in an underlying stock has opened, the PCX can open the market in the overlying option almost simultaneously. AOR also allows automated openings when trading in an issue has been halted and then reopened.

The PCX represents that the PACEX Reporting program is designed to provide member firms with greater assurance that they have acted in a manner consistent with the fulfillment of their duty of best execution when they direct orders to the PCX. Accordingly, the Exchange believes that the proposed rule change is consistent with and in furtherance of the objectives of the Act, including specifically Section 6(b)(5) thereof,⁵ which requires that the rules of exchanges promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and 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 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 PCX has designated this proposed rule change as constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of existing Exchange rules and procedures, it has become effective pursuant to Section 19(b)(3)(A)(i) of the Act⁶ and Rule 19b-4(f)(1) thereunder.⁷ At any time within 60 days of the filing of this proposed rule change, the Commission may summarily abrogate the rule change if it appears to the Commission that the 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, 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 the filing will also be available for inspection and copying at the principal office of the PCX. All submissions should refer to File No. SR-PCX-00-31 and should be submitted by October 26, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-25597 Filed 10-4-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43376; File No. SR-Phlx-00-79]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to the Prohibition on the Entry of Certain Electronically Generated Orders into the Exchange's AUTOM System

September 28, 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 September 15, 2000, 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 comment on the proposed rule change.

⁵ 15 U.S.C. 78f(b)(5).

⁶ 15 U.S.C. 78s(b)(3)(A)(i).

⁷ 17 CFR 240.19b-4(f)(1).

⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

The Phlx proposes to amend Exchange Rule 1080, Philadelphia Stock Exchange Automated Options Market ("AUTOM") and Automatic Execution System ("AUTO-X"), by adopting paragraph (i), which would restrict the entry of certain options orders that are created and communicated electronically, without manual input, into the Exchange's AUTOM system. The text of the proposed rule change is available at the Office of the Secretary, the Exchange, and at the Commission.

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 Exchange 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 Exchange 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 Phlx proposes to adopt new section (i) to its Rule 1080, governing the entry of certain options orders that are created and communicated electronically, without manual input, into AUTOM.³ Proposed Phlx Rule 1080(i) would provide that members may not enter nor permit or facilitate the entry of orders into AUTOM if those orders are created and communicated electronically without manual input and if such orders are eligible for execution via AUTO-X⁴ at the time they are received. To be permitted under the Rule, order entry by public customers or associated persons of members must

³ AUTOM is the Exchange's electronic order delivery and reporting system, which provides for the automatic entry and routing of equity option and index option orders to the Exchange trading floor. Orders delivered through AUTOM may be executed manually, or certain orders are eligible for AUTOM's automatic execution feature, AUTO-X. Equity option and index option specialists are required by the Exchange to participate in AUTOM and its features and enhancements. Option orders entered by Exchange members into AUTOM are routed to the appropriate specialist unit on the Exchange trading floor.

⁴ AUTO-X is the automatic execution feature of the AUTOM system.

involve manual input, such as entering the terms of an order into an order-entry screen or manually selecting a displayed order against which an off-setting order should be sent. The proposed rule states that members are not prohibited from electronically communicating to the Exchange orders manually entered by customers into front-end communications systems, such as Internet gateways and online networks.

The proposed rule clarifies that an order is eligible for execution via AUTO-X if: (1) Its size is equal to or less than the maximum AUTO-X order size for the particular series; (2) the order is marketable at the time it is received; and (3) the order either has no contingency or has a contingency that is accepted for execution by the AUTOM system. As defined in the proposed rule, a marketable order is a market order or a limit order where the specified price to sell is below or at the current bid, or the specified price to buy is above or at the current offer.

The Exchange believes that the proposed rule change will permit specialists and Registered Options Traders ("ROTs") to compete more effectively with customers who are equipped with electronic systems. The Phlx represents that its business model depends on specialists and ROTs to maintain fair and orderly markets and depends on specialists and market makers for competition and liquidity. Public customer orders on the Phlx are provided with certain benefits pursuant to various rules of the Exchange, including Phlx Rule 1080 (Philadelphia Stock Exchange Automated Options Market (AUTOM) and Automatic Execution System (AUTO-X)), Phlx Rule 1014 (Obligations and Restrictions Applicable to Specialists and Registered Options Traders), Phlx Rule 1015 (Quotation Guarantees), and Options Floor Procedure Advice A-11 (Responsibility to Make Ten-Up Markets). Allowing electronically generated and communicated customer orders to be routed directly to AUTOM and AUTO-X would give customers with such electronic systems a significant advantage over specialists and ROTs. The Exchange believes that this could undercut its business model, which is dependent on specialists and ROTs for competition and liquidity. The Phlx notes that under the proposed rule change, computer generated orders can still be sent for execution on the Exchange; however, they may not be sent for execution through AUTOM and AUTO-X.

Currently, Phlx member firms and customers who are not located on the trading floor may send option orders to

the trading floor in various ways. First, a member firm representative or a customer may telephone an order to a Floor Broker member firm booth on the trading floor. From that point the order may be taken manually to the proper specialist post and trading crowd and represented; alternatively, it may be sent electronically from the Floor Broker booth via the Exchange's Floor Broker Order Entry System. A member firm may also send an order to the Exchange through its interface with AUTOM. Eligible orders sent through AUTOM may be: (1) Placed on the limit order book; (2) automatically executed via AUTO-X; or (3) executed manually by the specialist and the trading crowd.

Under the proposed rule change, electronically generated and communicated orders that are eligible for execution via AUTO-X at the time they are received would be ineligible for routing through AUTOM. These orders could, however, be sent to the trading floor for execution as otherwise described above, *i.e.*, by telephone or through a member firm's proprietary order routing system.

2. Statutory Basis

The Phlx believes that the restriction of the entry of certain options orders that are created and communicated electronically, without manual input, into AUTOM will ensure that Exchange specialists maintain fair and orderly markets and will enable them to continue to provide competition and liquidity in the options markets. The Phlx therefore represents that the proposed rule change is consistent with Section 6(b) of the Act⁵ in general and furthers the objectives of Section 6(b)(5)⁶ in particular in that it is 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 impose any burden on competition.

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 comments on the proposed rule change.

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act⁷ and Rule 19b-4(f)(6)⁸ thereunder because the proposal: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) does not become operative prior to 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. In addition, the Exchange provided the Commission with 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 the proposed rule change as required by Rule 19b-4(f)(6).⁹

A proposed rule change filed under Rule 19b-4(f)(6)¹⁰ normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii),¹¹ however, permits the Commission to designate such shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission designate such shorter time period so that the proposed rule change may become operative immediately upon filing. The immediate effectiveness would allow the Exchange to promptly implement the rule change concurrently with new Chicago Board Options Exchange to promptly implement the rule change concurrently with new Chicago Board Options Exchange, Inc. ("CBOE") Rule 6.8A. CBOE Rule 6.8A restricts the entry of certain options orders that are created and communicated electronically, without manual input, into the CBOE's Order Routing System.¹²

The Commission, consistent with the protection of investors and the public interest, has determined to make the proposed rule change operative immediately upon filing for the following reasons. Specifically, the Commission previously approved similar proposals by two other

exchanges.¹³ The Commission notes that the proposed rule change concerns issues that have previously been the subject of a full comment period pursuant to Section 19(b) of the Act,¹⁴ and the Commission does not believe that the proposed rule change raises any new regulatory issues.

Based on the above reasons, the Commission believes it is consistent with the protection of investors and the public interest that the proposed rule change become operative immediately upon the date of filing, September 15, 2000. 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 in furtherance of the purposes of the Act.¹⁵

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 will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-Phlx-00-79 and should be submitted by October 26, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁶

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 00-25593 Filed 10-4-00; 8:45 am]
BILLING CODE 8010-01-M

DEPARTMENT OF STATE

[Public Notice 3427]

Bureau of Educational and Cultural Affairs; Fulbright American Studies Institutes for Foreign University Faculty

NOTICE: Request for Proposals (RFP).

SUMMARY: The Study of the U.S. Branch, Office of Academic Exchange Programs, Bureau of Educational and Cultural Affairs, announces an open competition for four (4) assistance awards. Public and private non-profit organizations meeting the provisions described in IRS regulation 26 CFR 1.501(C) may apply to develop and implement one of the following four post-graduate level American Studies programs designed for multinational groups of 18 to 30 experienced foreign university faculty and educators:

1. The Civilization of the United States—An Introduction
2. U.S. Foreign Policy: Foundations and Formulation
3. The U.S. Constitution: Origins, Evolution and Contemporary Issues
4. American Studies for Foreign Secondary School Educators

These programs are intended to provide participants with a deeper understanding of American life and institutions, past and present, in order to strengthen curricula and to improve the quality of teaching about the United States at universities abroad.

Programs are six weeks in length and will be conducted during the Summer of 2001.

The Bureau is seeking detailed proposals from colleges, universities, consortia of colleges and universities, and other not-for-profit academic organizations that have an established reputation in one or more of the following fields: political science, international relations, law, history, sociology, literature, American studies, and/or other disciplines or sub-disciplines related to the program theme.

Applicant institutions must demonstrate expertise in conducting post-graduate programs for foreign educators, and must have a minimum of four years experience in conducting international exchange programs.

⁷ 15 U.S.C. 78s(b)(3)(A).
⁸ 17 CFR 240.19b-4(f)(6).
⁹ *Id.*
¹⁰ *Id.*
¹¹ 17 CFR 240.19b-4(f)(6)(iii).
¹² See Securities Exchange Act Release No. 43285 (September 12, 2000), 65 FR 56972 (September 20, 2000) (order approving CBOE Rule 6.8A, File No. SR-CBOE-00-01) and Securities Exchange Act Release No. 42455 (February 24, 2000), 65 FR 11401 (March 2, 2000) (order approving International Stock Exchange LLC Rule 717(f)).

¹³ 15 U.S.C. 78s(b).

¹⁴ 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).

¹⁵ 17 CFR 200.30-3(a)(12).

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f)(6).

⁹ *Id.*

¹⁰ *Id.*

¹¹ 17 CFR 240.19b-4(f)(6)(iii).

¹² See Securities Exchange Act Release No. 43285 (September 12, 2000), 65 FR 56972 (September 20, 2000) (order approving CBOE Rule 6.8A, File No. SR-CBOE-00-01).