this new product by trading them as soon as possible. Accordingly, the Commission finds that there is good cause, consistent with Section 6(b)(5) of the Act,[17] to approve the proposal on an accelerated basis.

V. Conclusion

It is Therefore Ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR–NYSE–00–53), is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[18]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00–31386 Filed 12–8–00; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–43668; File No. SR–OCC–99–15]

Self-Regulatory Organizations; The Options Clearing Corporation; Order Granting Approval of Proposed Rule Change Relating to Clearing Member Affiliates

December 4, 2000.

On November 2, 1999, The Options Clearing Corporation (''OCC'') filed with the Securities and Exchange Commission (''Commission'') a proposed rule change (File No. SR–OCC–99–15) and on August 11, 2000, amended the proposed rule change pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] Notice of the proposal was published in the **Federal Register** on September 15, 2000.[2] No comment letters were received. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

I. Description

The principal purpose of the proposed rule change is allow certain affiliates of a clearing member to be designated as non-customers under the Commission's hypothecation rules [3] so that the affiliates may have their transactions and positions commingled in their clearing member's firm account and/or proprietary X–M account at OCC for the purpose of receiving more favorable clearing margin treatment.[4] The proposed rule change creates a definition of Member Affiliates that consists of the relevant portion of the existing definition of Related Person in OCC's By-Laws. (For the sake of economy of expression and consistency, OCC proposes a replace that portion of the Related Person definition used to define Member Affiliate with the term Member Affiliate.) The proposed rule change then modifies the definition of Non-Customer to include a Member Affiliate that has executed a non-conforming subordination agreement [5] that has been approved by the clearing member's designated examining authority.

Additionally, the proposed rule change modifies the definition of Related Person to eliminate redundancies and to more closely parallel 17 CFR 1.3(y), which defines ''proprietary account'' for the purposes of the Commodity Exchange Act's regulations.[6] The proposed rule no longer refers to spouses of ''any such person'' (*i.e.,* any officer, director, or general or special partner) which was redundant because the rule already covers spouses of ''any non-customer of the clearing member,'' and the definition of Non-Customer includes officers, directors, or general or special partners. Additionally, in order to conform OCC rules with Section 1.3(y)'s definition of ''proprietary account,'' the proposed rule change clarifies that not only are spouses and minor dependents of non-customers Related Persons but also that the spouses and minor dependents of certain employees are also Related Persons.

II. Discussion

Section 17A(b)(3)(F) [7] of the Act requires that the rules of a clearing agency be designed to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. For the reasons set forth below, the Commission believes that OCC's proposed rule change is consistent with OCC's obligations under the Act.

The proposed rule change to add and modify several definitions so that affiliates may have their transactions and positions commingled in their clearing member's firm account and/or proprietary X–M account at OCC should result in a more accurate assessment of risk and a more appropriate margin requirement thus further assuring the safeguarding the securities and funds within OCC's control. In addition the proposed rule change should provide more consistency with respect to the interplay of the Commodity Exchange Act's regulations with OCC's rules.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A of the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to section 19(b)(2) of the Act, that the proposed rule change (File No. SR–OCC–99–15) be and hereby is approved.

For the Commission by the Division of Market Regulations, pursuant to delegated authority.[8]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00–31380 Filed 12–8–00; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–43645; File No. SR–Phlx–00–92]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Concerning Reporting, Examination, Recordkeeping, and Disclosure Requirements Related to Off-Floor Trading Organizations and Their Affiliated Traders

November 30, 2000.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 [2] thereunder, notice is hereby given that on October 11, 2000, the Philadelphia Stock Exchange, Inc. (''Phlx'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in

[17] 15 U.S.C. 78s(b)(5).

[18] 17 CFR 200.30–3(a)(12).

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

[2] Securities Exchange Act Release No. 43276, (September 11, 2000), 65 FR 56015.

[3] 17 CFR 240.8c–1 and 240.15c2/1.

[4] *See also* no-action letter from Michael A. Macchiaroli, Associate Director, Division of Market Regulation, Commission, to William H. Navin, Executive Vice President and General Counsel, OCC, (June 15, 2000).

[5] Non-conforming subordination agreements are subordination agreements that do not meet the requirements of Appendix D of Rule 15c3–1.

[6] As defined, a Related Person is essentially a person whose account would be a ''proprietary account'' under the rules of the Commodity Futures Trading Commission, but who is nevertheless a ''customer'' for purposes of the Commission's hypothecation rules cited above. Market Makers who are Related Persons of a clearing member are deemed to be Associated Market Makers and are excluded from the Combined Market Maker Account under Article VI, Section 3(c) of OCC's By-Laws.

[7] 15 U.S.C. 78q–1(b)(3)(F).

[8] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

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 adopt new Exchange Rules 641, 642, 643, and 644 concerning reporting, examination, recordkeeping, and disclosure requirements related to off-floor trading organizations and their affiliated traders.

Specifically, the rules would require off-floor member organizations for whom the Exchange is the Designated Examining Authority (''DEA'') to make affirmative inquiry of their affiliated traders regarding the sources of their funding and to disclose to the Exchange annually all borrowing, lending, investment, or other financing activity relating to the organization.

For those off-floor traders that are affiliated with off-floor member organizations and that are organized as entities other than individuals (*e.g.*, corporations or limited liability companies (''LLCs'')), the proposed rules also would require that each individual trader that trades in the account of such an entity: (i) Be a direct shareholder or member of the organization; or (ii)(A) hold his or her ownership interest through an intermediate entity (such as a corporation or an LLC), (B) be the sole shareholder or member of such intermediate entity, and (C) be the sole person authorized to trade for the account identified with such individual or intermediate entity. In any case, the individual trader would be subject to the examination and registration requirements applicable to individual traders.

In addition, the proposed rules would require off-floor member firms to represent that their affiliated traders and trading entities are in compliance with certain federal and state laws. Finally, the proposed rules would allow the Exchange to conduct examinations of affiliated traders of off-floor trading firms, whether natural persons or other entities.

The text of the proposed rule change is set forth below. New language is in italics.

Rule 641. Reporting, Record Keeping and Regulatory Requirements for Off Floor Traders and Off-Floor Trading Organizations

All member organizations and participant organizations engaged in proprietary or agency trading of securities from off the floor of the Exchange for whom the Exchange is the Designated Examining Authority (''off-floor firms'') shall:

(a) not less frequently than annually, make an affirmative inquiry of each individual off-floor trader or trading entity affiliated with such off-floor firm (each an ''affilliated trader''), concerning (i) any and all loan or lending arrangements entered into by the individual affiliated trader or trading entity as borrower, including an inquiry of the names, addresses, and affiliations of any person or entity involved, and dollar amounts borrowed or loaned; (ii) any and all investment arrangements entered into by the individual affiliated trader whereby any person or entity has an investment or equity interest in the affiliated trader or any account over which such affiliated trader has trading authority, including an inquiry of the names, addresses, and affiliations of any person or entity involved, and the dollar amounts invested; (iii) any and all third parties, including natural persons or other entities, which share in the profits or losses of any account of an affiliated trader of such off-floor firm;

(b) make reasonable investigation as to whether any relationship disclosed as a result of the inquiry referred to in rule 641(a) (or otherwise coming to the attention of the off-floor firm) is in compliance with all the regulations set forth in Rule 641(c) below;

(c) annually certify to the Exchange, in writing, that based upon such inquiry (i) such off-floor firm has made all inquiries required pursuant to Rule 641(a); (ii) such off-floor firm and its affiliated traders are in compliance with all applicable laws, including, but not limited to, the Securities Exchange Act of 1934, the Investment Company Act of 1940, the Investment Advisers Act of 1940, and any applicable state laws; and (iii) that such off-floor firm or affiliated trader (A) carries no customer accounts and (B) does not trade in an account on behalf of investors or lenders who share in the profits of such account (''de facto customer account''); and

(d) maintain all records pertaining to affiliated traders and accounts of affiliated traders for a minimum of three years in a readily accessible location.

Rule 642. Examination of Off-Floor Traders

The Exchange shall have the right to conduct examinations of all off-floor trading firms, and of all affiliated traders of such off-floor trading firms, whether natural persons or other entities, including, but not limited to, affiliated traders, and any person or other entity engaged in lending, borrowing, investing, or other financing related to the off-floor trading firm and/or its affiliated traders. The terms used in this Rule shall have the same meaning as in Rule 641.

Rule 643. Ownership of Accounts. Affiliated Members of Off-Floor Trading Organizations

(a) Any affiliated trader of an off-floor trading firm engaged in off-floor trading shall be either (i) a natural person; or (ii) if not a natural person, an entity, which shall be organized and have its registered office in a state or possession of the United States or the District of Columbia, and which is 100% owned and controlled by one natural person engaged in off-floor trading for the account of such entity. With respect to Section (ii) hereof, the natural person shall be registered with the Exchange in accordance with Exchange Rule 604, and shall be required to be qualified as set forth in Exchange Rule 604(e).

(b) With respect to affiliated traders which are not natural persons, the off-floor firm shall make an annual, affirmative inquiry into the ownership status of such an entity to ensure compliance with Section (a)(ii) of this Rule, and shall report the results of such annual inquiry in writing to the Exchange. The Exchange may, in its discretion, require evidence and identification of the ultimate beneficial interest in such an entity. An entity referred to in Section (a)(ii) hereof, and any natural person engaged in off-floor trading in the account of such an entity, shall be subject to the examination and registration requirements set forth in Exchange Rule 604(e).

(c) Any off-floor firm or affiliated trader may apply for an exemption from the provisions set forth in this Rule. The Exchange shall have the right to demand the Opinion of Counsel of the off-floor firm or affiliated trader regarding the applicant's compliance with applicable laws, including, but not limited to, the Securities Exchange Act of 1934, The Investment Company Act of 1940, the Investment Advisers Act of 1940, and any applicable state laws.

Rule 644. Disclosure by Off-Floor Trading Organizations

All off-floor trading firms shall annually disclose to the Exchange, in writing:

(a) All borrowing, lending, investment, or other financing activity relating to the off-floor trading organization; and

(b) the names, addresses, and telephone numbers of all persons or other entities which engage in borrowing, lending, investment, or other financing activity relating to the off-floor firm.

(c) The Exchange may, in its discretion, demand written certification from off-floor trading organizations of their compliance with applicable laws, including, but not limited to, the Securities Exchange Act of 1934, The Investment Company Act of 1940, the Investment Advisers Act of 1940, and any applicable state laws.

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

1. Purpose

Phlx member firms for which the Exchange is the DEA generally do not carry public customer accounts. If a Phlx member firm carries customer accounts, it is required to become a member of a national securities association (*e.g.*, the National Association of Securities Dealers (''NASD'')). Under agreements that the Phlx has entered into with other self-regulatory organizations (''SROs'') in accordance with Rule 17d–2 under the Act,[3] any Phlx member that is also a member of another SRO (including the NASD) would be assigned to another DEA.

Typically, off-floor trading firms that are Phlx members are structured as LLCs. In most cases, the individual traders at the firm are also ''members'' of the firm and hold equity interests in the firm. These traders are not regarded as ''customers'' of the firm. The typical Phlx member that is an LLC has a clearing arrangement with another member firm whereby the latter clears all transactions for the LLC through a single account. Individual off-floor traders and trading entities trade as affiliated members of the LLC by way of ''sub-accounts'' with the LLC.

One mail purpose of the proposed new rules is to ensure that off-floor traders and trading entities affiliated with off-floor member firms for which the Exchange is the DEA are not trading on behalf of customers. The proposed rules would enable the Exchange to determine whether such affiliates have certain third-party financing arrangements in place which would cause them to be engaged in trading on behalf of customers or *de facto* customers because, for example, the ''lender'' or ''investor'' shares in the trading profits and losses of traders affiliated with the firms.[4]

The Phlx's proposal would require that, for off-floor firms for which the Phlx is the DEA, traders who are also members of the firm (in the case of firms organized as LLCs) either hold their membership interests directly or indirectly through a legal entity that is wholly owned by them, unless the firm has obtained a waiver from the Phlx. To allow a member to hold his membership interest in the LLC indirectly through a legal entity that, itself, has multiple shareholders could result in one individual trading on behalf of an unlimited number of co-owners. While the proposed rule does not preclude multiple owners,[5] the main reason why such off-floor firms are Phlx DEA members is because such firms do not carry public customer accounts. Under certain circumstances, the multiple owners of such affiliated trading firms could be deemed ''customers'' of the individual who is conducting trading activities on their behalf. In that event, regulatory requirements applicable to firms with ''customers'' would attach to such a member firm.

In addition, certain other unanticipated legal and regulatory problems could arise, such a triggering registration and other requirements under the Investment Company Act of 1940, the Investment Advisers Act of 1940, or state securities laws.

The proposed rules would allow the Exchange's Examinations Department to monitor more closely the activities of off-floor traders and off-floor trading firms for whom the Exchange is the DEA, and would require such off-floor trading firms to inquire into, and more closely monitor, the activities and financing arrangements of their affiliated individual traders and trading entities.

Another purpose of the proposed rules is to require off-floor member firms to represent to the Exchange that they will make inquiries concerning investment and other arrangements which, it undertaken by the off-floor member firms or by their affiliated traders, could legally cause such off-floor member firms or their affiliated traders to become an unregistered investment company, investment advisory firm, or broker-dealer. For example, the relationship between an individual off-floor trader and an investor who shares in the profits and losses associated with that off-floor trader's account could be construed as an advisory relationship, whereby the off-floor trader makes investment decisions on behalf of, or dispenses investment advice to, the investor. Although the Exchange does not directly enforce securities laws other than those pertaining to the Act,[6] a failure to comply with these other laws could be a threat to customers, investor protection, and the soundness of the off-floor firm, and result in violations of Exchange rules such as, without limitation, rules pertaining to books and records, net capital requirements, supervisory procedures, and margin requirements.

The proposed rules would require off-floor firms for which the Exchange is the DEA to provide annual reports to the Exchange concerning such firm's inquiries into its affiliated traders and trading entities, and to annually disclose in writing to the Exchange its borrowing, lending, investment, or other financing activities (including names, addresses, and telephone numbers of all persons or other entities who engage in such activities).[7]

[3] 17 CFR 240.17d–2.

[4] If an off-floor trading firm were engaged in trading on behalf of customers, it would be required to comply with a variety of regulatory and procedural requirements, such as Rules 15c3–1 and 15c3–3 under the Act, 17 CFR 240.15c–3 and 240.15c3–3.

[5] Any off-floor firm or affiliated trader may apply for an exemption from the single-shareholder requirement pursuant to proposed Rule 643(c).

[6] *See* Phlx Rule 960.

[7] Phlx Rule 783 requires members and member organizations to report to the Exchange any financial arrangement entered into with another member, member organization, foreign currency participant, or participant organization, or a general partner, voting shareholder, or any associated person thereof, or a non-member. A ''financial arrangement'' is defined in Rule 783 as: (1) The direct financing of a member or participant organization's dealings upon the Exchange with the

Continued

2. Statutory Basis

The Phlx believes the proposed rule change is consistent with Section 6 of the Act [8] in general and Section 6(b)(5) [9] 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, by requiring diligence on the part of off-floor member firms for which the Exchange is the DEA in examining the financing and investment arrangements of their affiliated traders and trading entities, and by requiring off-floor member firms to report the results of such examinations to the Exchange. The Exchange believes that the proposal will help ensure that the rules and provisions of the Act that are designed to promote customer protection and the financial soundness of broker-dealers are followed, and should facilitate the Exchange's examination and enforcement functions.

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

The Phlx does not believe that the proposed rule change would 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

No written comments were solicited or 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 with 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 Exchange 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. Copies of such filings will also be available for inspection and copying at the principal office of the Phlx. All submissions should refer to File No. SR–Phlx–00–92 and should be submitted by January 2, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[10]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00–31382 Filed 12–8–00; 8:45 am]

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exception of clearing arrangements; (2) any direct equity investment or profit sharing arrangement; (3) any consideration over the amount of $5000 that constitutes a gift, loan, salary, or bonus; and (4) the guarantee of a trading account with the exception of clearing arrangements. The proposed rules would apply to financial arrangements of affiliated traders and trading entities of the off-floor trading firms, and to the requirement of off-floor trading firms to conduct examinations of such affiliated traders and trading entities, and to report thereon to the Exchange. To the extent that an off-floor member firm has made a report of a financial arrangement pursuant to Rule 783 which is identical to a report required under the proposed rules, no such identical report would be required by the off-floor member firm. This would eliminate the unnecessary duplication of reporting by the off-floor member firm. Notwithstanding this exception, off-floor member firms subject to these proposed rules would be responsible for any other disclosure, examination, or other reporting required by the proposed rules.

[8] 15 U.S.C. 78f.

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

[10] 17 CFR 200.30–3(a)(12).

DEPARTMENT OF STATE

[Public Notice No. 3493]

Shipping Coordinating Committee; Renewal of the Shipping Coordinating Committee

The Department of State is renewing the Shipping Coordinating Committee to solicit the view of interested members of the public and government agencies on maritime policy issues, for the guidance of U.S. delegations to international meetings on these matters. The Under Secretary for Management has determined that the committee is necessary and in the public interest.

Membership includes representatives from the maritime industry, labor unions, environmental groups and government bureaus and agencies. The Committee will follow the procedures prescribed by the Federal Advisory Committee Act (FACA). Meetings will be open to the public unless a determination is made in accordance with the FACA Section 10(d), 5 U.S.C.

Any questions concerning this committee should be referred to the Executive Secretary, Stephen M. Miller at (202) 647–6961.

Dated: December 6, 2000.

Mira Piplani,

International Transportation and Commercial Officer.

[FR Doc. 00–31583 Filed 12–7–00; 2:26 pm]

BILLING CODE 4710–07–P

DEPARTMENT OF STATE

[Public Notice No. 3470]

Shipping Coordinating Committee; Subcommittee on Stability of Load Lines and on Fishing Vessels Safety; Notice of Meeting Cancellation

On November 15, 2000, 65 FR 69118, the United States Coast Guard published Notice #3466 to announce a meeting of the Shipping Coordinating Committee to be held on Monday, December 11, 2000. The purpose of this meeting was to review the agenda items to be considered at the forty-fourth session of the Subcommittee on Stability and Load Lines and on Fishing Vessels Safety (SLF 44) of the International Maritime Organization (IMO).

This notice is to announce that the meeting is cancelled.

For further information, please contact Mr. Paul Cojeen, U.S. Coast Guard Headquarters, Commandant (G–MSE–2), room 1308, 2100 Second Street, SW., Washington, DC 20593–0001 or by calling (202) 267–2988.

Dated: December 6, 2000.

Mira Piplani,

International Transportation and Commercial Officer.

[FR Doc. 00–31584 Filed 12–7–00; 2:26 pm]

BILLING CODE 4710–07–P

DEPARTMENT OF STATE

[Public Notice No. 3469]

Shipping Coordinating Committee; Subcommittee on Standards of Training and Watchkeeping; Notice of Meeting Cancellation

On November 15, 2000, 65 FR 69118, the United States Department of State published notice #3467 to announce a meeting of the Shipping Coordinating