proposed rule change. Specifically, the NYSE responded that the proposal does not undermine the NMS or Rule 19c–1 because the proposal does not impose any restrictions on the routing of customer orders. The proposal only sets standards for a specialist's market maker bid or offer on the exchange. The NYSE also stated that the proposal is consistent with the OHR because it does not impose any restrictions on a specialist's responsibility to display customer orders.

Further, the NYSE wrote that the proposal does not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act with respect to the routing of customer limit orders to ECNs or other market centers. The NYSE opined that the restriction on specialists is appropriate because it is designed to ensure that specialists' dealer capital is committed to meeting their affirmative obligation to maintain fair and orderly markets in the primary market in which they are registered as dealers. Finally, the NYSE argued that each market center would determine its own decimal trading variation. If these variations are the same, then the restriction against bidding or offering at a variation not permitted on the Exchange will not apply. In any event, the NYSE suggested that contra side order flow would seek to trade at whatever variation it chooses.

IV. 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, and, in particular, with the requirements of section 6(b)(5) and 6(b)(8).[17] Section 6(b)(5) requires that the rules of an exchange be designated to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.[18] Section 6(b)(8) requires that the rules of an exchange do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Further, the Commission finds that the proposal is consistent with section 11(b) of the Act[19] and Rule 11b–1 thereunder,[20] which allow exchanges to promulgate rules relating to specialists to ensure orderly markets.

Specialists play a crucial role in providing stability, liquidity, and continuity to the trading of securities on the Exchange. In return for the privilege of serving as the only specialist in stocks traded on the NYSE, which as the primary market for listed stocks continues to receive a significant percentage of the order flow, the NYSE improves conditions designed to improve the quality of its market. Among the obligations imposed upon specialists by the Exchange, and by the Act and rules thereunder, is the maintenance of an orderly market in designated securities.[21] To ensure that specialists fulfill these obligations, it is important that the Exchange have the ability to implement rules and develop measures to guide and improve specialists' performance. The Commission believes that the proposal is consistent with the Exchange's objective to promote the maintenance of orderly markets because it enhances the Exchange's ability to encourage improved specialist performance and market quality by clarifying specialists' duty at the NYSE—to quote his or her best bid and offer on the Exchange.

The Commission carefully considered the concerns expressed by Archipelago and AICM in their letters opposing the proposal. Although the proposed rule change places restrictions on specialists, the Commission finds that the restrictions are reasonable. First, NYSE's proposal only applies to the bids and offers of individual specialists on the floor of the Exchange. The Commission notes that the NYSE has amended the proposal so that it no longer applies to affiliates of individual specialists. Therefore, the proposal is limited to the firms that benefit from the privilege of acting as specialists on the NYSE. Second, the proposal is not inconsistent with Rule 19c–1 because it does not impose restrictions on the routing of customer orders. Third, it is not inconsistent with the OHR because it does not impose restrictions on a specialist's responsibility to display customer orders. Specialists will continue to have an obligation under the OHR to display a customer limit order that betters their quote.[22] Fourth, exchanges have historically maintained a minimum increment for quoting and trading listed securities on the exchange in order to ensure fair and orderly trading, including capacity limitations of exchange computer systems.[23] Fifth, as discussed above, exchanges need to have the ability to set standards for specialists' performance. This proposal with allow specialists to meet their obligations by ensuring that if a specialist places a superior priced bid or offer on an ECN or other market center, the specialist can trade at his or her best bid or offer with contra-side marketable orders received on the Exchange.

For these reasons, the Commission finds that the proposal is consistent with the Act, including sections 6(b)(5), 6(b)(8) and 11(b), in that it does not impose any burden on competition that is not necessary or appropriate in furtherance of the Act.

V. Conclusion

It is Therefore Ordered, pursuant to section 19(b)(2) of the Act,[24] that the proposed rule change (SR–NYSE–97–18), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[25]

Margaret H. McFarland,

Deputy Secretary.

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[17] 15 U.S.C. 78f(b)(5) and 78f(b)(8).

[18] In approving this rule, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

[19] 15 U.S.C. 78k(b).

[20] 17 CFR 240.11b–1.

[21] See, *e.g.,* 17 CFF 240.11b–1; NYSE Rule 104.

[22] *See supra* note 11 at 48316; *see also* NYSE Rule 79A.

[23] Currently, the exchanges have adopted a minimum price variation of a penny. *See* Securities Exchange Act Release No. 42914 (June 8, 2000).

[24] 15 U.S.C. 78s(b)(2).

[25] 17 CFR 200.30–3(a)(12).

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

[Docket No. 301–121]

Notice of Change in Location of Public Hearing: Intellectual Property Laws and Practices of the Government of Ukraine

AGENCY: Office of the United States Trade Representative.

ACTION: Notice.

SUMMARY: The location of the public hearing scheduled for April 27, 2001 in the Section 302 investigation of the intellectual property laws and practices of the Government of Ukraine has been changed to the Office of the United States Trade Representative, 1724 F Street, NW., Rooms 1 and 2, Washington, DC.

FOR FURTHER INFORMATION CONTACT: Sybia Harrison, Staff Assistant to the Section 301 Committee, (202) 395–3419; or William Busis, Associate General Counsel, (202) 395–3150.

SUPPLEMENTARY INFORMATION: In a notice published on April 6, 2001 (66 FR

18,346), the Office of the United States Trade Representative announced the initiation of a Section 302 investigation of the intellectual property laws and practices of the Government of Ukraine, and scheduled a public hearing for April 27, 2001. The location of the public hearing has been changed to the Office of the United States Trade Representative, 1724 F Street, NW., Rooms 1 and 2, Washington, DC. The hearing will begin at 10 a.m. on April 27, 2001.

William Busis,

Chairman, Section 301 Committee.

[FR Doc. 01–10269 Filed 4–24–01; 8:45 am]

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OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Trade Policy Staff Committee; Notice of Initiation of Environmental Review and Request for Comment on Scope of Environmental Review of Mandated Multilateral Trade Negotiations on Agriculture and Services in the World Trade Organization

AGENCY: Office of the United States Trade Representative.

ACTION: Notice and request for comments.

SUMMARY: Pursuant to Executive Order 13141 (64 FR 63169), this publication gives notice that the Office of the United States Trade Representative (USTR) is initiating an environmental review of the multilateral trade negotiations on agriculture and services in the World Trade Organization (WTO). The Trade Policy Staff Committee (TPSC) requests written comment from the public concerning what should be included in the scope of the environmental review (including the potential environmental effects that might flow from agreements on agriculture and services and the potential implications for environmental laws, regulations, and other obligations) and the best time to conduct the analysis.

DATES: Public comments should be received no later than July 27, 2001.

FOR FURTHER INFORMATION CONTACT: For procedural questions concerning public comments, contact Gloria Blue, Executive Secretary, TPSC, Office of the USTR, 1724 F Street, NW., Washington, DC 20508, telephone (202) 395–3475. Questions concerning the environmental review should be addressed to Joseph Ferrante, Environment and Natural Resources Section, telephone 202–395–7320.

SUPPLEMENTARY INFORMATION:

Executive Order 13141—Environmental Review of Trade Agreements in November, 1999, 64 FR 13141 (Nov. 16, 1999), and its implementing guidelines, 65 FR 79442 (Dec. 19, 2000), formalize the U.S. policy of conducting environmental reviews for certain major trade agreements. Reviews are used to identify potentially significant environmental impacts (both positive and negative), and information from the review may facilitate consideration of appropriate responses where impacts are identified.

The Executive Order identifies certain types of agreements for which an environmental review is mandatory: Comprehensive multilateral trade rounds; bilateral or plurilateral free trade agreements; and major new trade liberalization agreements in natural resource sectors. For other types of agreements, the Executive Order and guidelines direct USTR, through the TPSC, to determine whether a review is warranted based on such factors as the potential significance of reasonably foreseeable positive and negative environmental impacts.

The World Trade Organization (WTO) Agreement on Agriculture and the General Agreement on Trade in Services (GATS) call for WTO members to undertake further negotiations to liberalize trade in agriculture and services, respectively. The agriculture and services negotiations (known as the ''built-in agenda'' for agriculture and services) are currently underway in the WTO. USTR provided general background on the negotiations and requested public comment on general U.S. negotiating objectives as well as country and item-specific export priorities for agriculture and services in previous **Federal Register** notices. *See* 65 FR 16450 (Mar. 28, 2000); 66 FR 18141 (April 5, 2001).

In June, 2000, the United States submitted a proposal for long-term, comprehensive agricultural reform in the WTO. The proposal calls for substantial reductions or elimination of tariffs, expansion of remaining tariff-rate quotas, elimination of export subsidies, disciplines on the use of export restrictions on agricultural products, simplification of rules applying to domestic support, and establishment of a ceiling on trade-distorting support that applies equally to all countries. The United States presented a more detailed position on the tariff rate quota element of the proposal. The U.S. proposals are available on USTR's website at *www.ustr.gov*.

In July, 2000, the United States submitted a comprehensive proposal concerning the conduct of the services negotiations and presented 12 detailed negotiating proposals in December, 2000, addressing 11 services sectors (accountancy services; audiovisual and related services; distribution services; education and training services; energy services; environmental services; express delivery services; financial services; legal services; telecommunications, value-added network, and complementary services; and tourism services) and one GATS ''mode of supply'' (movement of natural persons). The U.S. proposals (also available on the USTR website) seek to remove market access, national treatment, and other restrictions affecting services and services suppliers in these and other areas, while maintaining the ability to regulate in the public interest. Thus, the sectoral coverage of the services negotiations is broad. This notice requests commenters' views, in particular, on which service sectors to address or not to address in the environmental review.

Pursuant to the Executive Order and guidelines, USTR has determined through the TPSC that the built-in agenda negotiations in agriculture and services warrant an environmental review. The volume of trade affected in both agriculture and services is significant. U.S. agricultural trade in 2000 was over $100 billion. U.S. exports of commercial services (*i.e.,* excluding military and government) were $255 billion in 1999, supporting over 4 million services and manufacturing jobs in the United States. Cross-border trade in services accounts for more than 25 percent of world trade, or about $1.4 trillion annually. U.S. commercial services exports have more than doubled over the last 11 years, increasing from $118 billion in 1989 to $255 billion in 1999.

Agricultural trade can be expected to have implications for land resource use, which in turn may have implications for the environment (*e.g.,* water quality and quantity issues). In addition, the United States has previously undertaken analyses that have indicated potential environmental benefits resulting from elimination of agricultural export subsidies, a key U.S. objective in the negotiations. Further examination of this issue might be appropriate in the environmental review.

The Executive Order and guidelines provide flexibility concerning the appropriate time for undertaking the analytical work supporting an environmental review, once it is initiated. In recognition of the fact that the agriculture and services negotiations are still at a preliminary stage, the