

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 filing will also be available for inspection and copying at the principal office of the NYSE. All submissions should refer to the File No. SR–NYSE–00–31 and should be submitted by June 27, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01–14155 Filed 6–5–01; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–44369; File No. SR–Phlx–2001–26]

### Self-Regulatory Organizations; Notice of Filing of a Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to ROT Vocalization Requirements for Options Quotations

May 30, 2001.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b–4 thereunder,<sup>2</sup> notice is hereby given that on March 5, 2001, the Philadelphia Stock Exchange, Inc. (“Phlx” or “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 persons.

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

The Phlx proposes to amend Commentary .01 to Exchange Rule 1080, Philadelphia Stock Exchange Automated Options Market (“AUTOM”) and Automatic Execution System

(“AUTO–X”), to add an express vocalization requirement for Phlx Registered Options Traders (“ROTs”)<sup>3</sup> whose quotation for a particular option series is different from the disseminated quote. The proposal also would codify the Exchange's policy that the disseminated market is deemed to represent the quotation of all ROTs in that option, unless otherwise indicated pursuant to Phlx Rule 1080. The proposed rule change would be set forth in new subsection (c) of Commentary .01. The text of the proposed rule change is set forth below. New language is in italics.

#### Rule 1080. Philadelphia Stock Exchange Automated Options Market (AUTOM) and Automatic Execution System (AUTO–X)

(a)–(j) No change.  
Commentary:

##### .01

(a) Automatic Quotation (Auto-Quote) is the Exchange's electronic options pricing system, which enables specialists to automatically monitor and instantly update quotations.

(b) [RESERVED]

(c) *The disseminated market (whether by Auto-Quote or specialized quote feed) is deemed to represent the quotations of all ROTs in that option unless a ROT has expressly indicated otherwise in a clear and audible manner, respecting either a specific series, the class or the option (specifying LEAPs), and with sufficient time for the specialist to take action to update the quote if necessary.*

(d) If options trading systems throttle quotations for at least three minutes, the Chairman of the Board of Governors or his designee may, for capacity management purposes, mandate that the Auto-Quote be set to update quotations based on a certain minimum movement in the underlying security for: (i) all options; (ii) index options only; or (iii) certain specified options, taking into account certain factors that may include, but are not limited to, the price of the underlying security, volatility in the underlying security, or whether there has been any trading volume over the last two trading days. Such mandated minimum setting may continue for a period of 15 minutes, and may be continued every 15 minutes thereafter, provided that the Exchange's options trading systems are throttling

quotations at the end of each such 15-minute period.

### 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

The purpose of the proposed rule change is to clarify that the quote disseminated by the Exchange's Auto-Quote system<sup>4</sup> or by a specialist's proprietary system that interfaces with AUTOM (“Specialized Quote Feed”), which electronically prices options, is deemed to be the quote of all ROTs in the crowd unless the ROT has vocalized a different quote in a clear and audible manner with sufficient time for the specialist to take action to update the quote, if necessary.<sup>5</sup>

On September 11, 2000, the Commission issued an order<sup>6</sup> that requires four of the five options exchanges, including the Phlx to adopt new, or amend existing, rules to include any practice or procedure, not currently authorized by rule, whereby market makers determine by agreement the spreads or option prices at which they will trade any option, or the allocation of orders in that option.<sup>7</sup> Specifically, the Order required by the Exchange to file by March 12, 2001, draft proposed

<sup>4</sup> Auto-Quote is the Exchange's electronic options pricing system, which enables specialists to automatically monitor and instantly update quotations.

<sup>5</sup> The ROT must vocalize a different quote before an order enters the system. If an ROT believes that he or she has been unfairly allocated a portion of the order, he or she can challenge the allocation pursuant to Phlx Rule 124. Telephone call between Rick Rudolph, Counsel, Phlx, Terri Evans, Special Counsel, Division of Market Regulation (“Division”), Commission, and Sonia Patton, Staff Attorney, Division, Commission (May 24, 2001).

<sup>6</sup> See Order Instituting Public Administrative Proceedings Pursuant to Section 19(h)(1) of the Securities Exchange Act of 1934, Making Findings and Imposing Remedial Sanctions. Securities Exchange Act Release No. 43268 (September 11, 2000 (“Order”).

<sup>7</sup> See Section IV.B.j. of the Order.

<sup>8</sup> 17 CFR 200.30–3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b–4.

<sup>3</sup> A ROT is a regular member or a foreign currency options participant of the Exchange located on the trading floor who has received permission from the Exchange to trade options for his own account. See Phlx Rule 1014(b).

rules and required the Exchange to take all reasonable steps to promptly stop any such practice or procedure that has not been filed or is not already authorized by rule. The Exchange believes that the proposed rule change is responsive to, and compliant with, the Order.

Currently, Phlx Rule 1080 governs the operation of AUTOM, the Exchange's automated order routing, delivery, execution and reporting system for options. Auto-Quote, one feature of AUTOM, is currently defined in Commentary .01 as the Exchange's electronic options pricing system, which enables specialists to automatically monitor and instantly update quotations.<sup>8</sup> Alternatively, specialists may elect to establish a specialized proprietary connection ("specialized quote feed") that bypassed the Auto-Quote system. The proposed rule change would codify the Exchange's vocalization requirement when a ROT indicates that his quote in an option is not the Exchange's disseminated quote. Absent such vocalization, the disseminated quote would be deemed to be that of all ROTs in that option.

The current on-floor trading environment, which involves increased trading volume, more option classes traded than every before, and less physical space within which ROTs operate, has resulted in a natural increase in reliance on technology by ROTs in order to function effectively while providing liquidity in their assigned options. One area of such increased reliance on technology involves quotations in options disseminated electronically by Auto-Quote. The Exchange believes that changes in such quotations occur rapidly, and often simultaneously, in myriad quotations, rendering it difficult to voice each bid or offer as it is being disseminated electronically. Thus, the Exchange believes that it is reasonable to deem the disseminated quote to be that of all ROTs in the option unless they vocally opt out of the disseminated quote.

The proposed rule would require the ROT to specify the series or option class (specifying LEAPS), and would provide for sufficient time within which the specialist could take action to update the quote if necessary. The Exchange is proposing the new language to reflect the fact that the disseminated quote reflects the crowd quote (unless a ROT

<sup>8</sup> The Exchange is separately proposing new subsection (b) of Commentary .01 to Phlx Rule 1080, which will provide a more thorough description of Auto-Quote. See SR-Phlx-2001-25.

has expressly indicated in a clear and audible manner).<sup>9</sup>

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act<sup>10</sup> in general and furthers the objectives of Section 6(b)(5)<sup>11</sup> in particular in that it is designed to promote just and equitable principles of trade, remove impediments to a free and open market and a national market system, and protect investors and the public interest by clarifying and describing clearly in Exchange rules the requirement that ROTs vocalize any intent to establish quotes that are different from the Exchange's disseminated quote.

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

The Phlx does not believe that the proposed rule change will impose any burden on competition 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 Phlx did not solicit or receive written comments on the proposed rule change.

## 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 within such longer period (i) as the Commission may designate up to 90 days of such date if its finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Phlx 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

<sup>9</sup> According to the Phlx, this new language is being proposed inasmuch as ROT's failure to vocalize any different quote from the disseminated quote could be viewed as determining option prices by agreement for purposes of the Order and is therefore required by the Order to be provided for in Exchange rules.

<sup>10</sup> 15 U.S.C. 78f(b).

<sup>11</sup> 15 U.S.C. 78f(b)(5).

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 revisions 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 the File No. SR-Phlx-2001-26 and should be submitted by June 27, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## DEPARTMENT OF STATE

### Bureau of Consular Affairs, Passport Services

[Public Notice 3687]

### Notice of Information Collection Under Emergency Review: Form DS-11, Application for Passport/Registration (Formerly DSP-11) OMB #1405-0004

**ACTION:** Notice.

**SUMMARY:** The Department of State has submitted the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the emergency review procedures of the Paperwork Reduction Act of 1995.

*Type of Request:* Emergency Review. *Originating Office:* Bureau of Consular Affairs, CA/PPT/FO/FC.

*Title of Information Collection:* Application for Passport/Registration. *Frequency:* On Occasion. *Form Number:* DS-11 (Formerly DSP-11).

*Respondents:* Individuals or Households.

*Estimated Number of Respondents:* 8,411,550.

*Average Hours Per Response:* 1/3 hour (20 min.).

<sup>12</sup> 17 CFR 200.30-3(a)(12).