

to an LMM from 10% of the number of issues traded on the PCX's options floor to 15% of the number of issues traded on the PCX's options floor.

The Exchange proposes to amend PCX Rule 6.82(e)(3) for several reasons. First, the Exchange anticipates that the Continued Listing Fee, which the PCX implemented in September 1999, will reduce the total number of issues traded on the PCX's options floor.<sup>4</sup> The Exchange believes that the Continued Listing Fee will result in the delisting of a significant number of options issues, thus lowering the total number of issues that an LMM may hold.<sup>5</sup>

Second, the Exchange believes that it is necessary for competitive reasons to permit the allocation of additional issues to LLMs. The Exchange believes that the proposal will place the PCX's LLMs on a more equal footing with specialists on the American Stock Exchange ("Amex") and Designated Primary Market Makers ("DPMs") on the Chicago Board Options Exchange ("CBOE") with respect to the number of issues that may be allocated to them.<sup>6</sup> The Exchange believes that the current 10% cap is unnecessarily low and that an increase in concentration levels is consistent with rules and guidelines of other options exchanges.

### III. Discussion

The Commission finds that the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange and, in particular, with Section 6(b)(5) of the Act, in that the proposal is designed to promote just and equitable principals of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and to protect investors and the public interest.<sup>7</sup> Specifically, the Commission believes that the proposal will allow the PCX to revise PCX Rule 6.82(e)(3) to provide a limit on options allocations

that is comparable to the policies of other options exchanges, thereby helping the PCX to compete more effectively with other options exchanges.<sup>8</sup>

For example, the Commission notes that under the CBOE's policy, the CBOE's Modified Trading System Appointments Committee will review a DPM's concentration level if an event or proposal would cause a DPM to meet any two of the following three criteria: (1) The number of classes allocated to a DPM (and any affiliated DPMs) is 25% or more of the total number of classes traded on the CBOE (excluding DJX, NDX, OEX, and SPX); (2) the volume in the classes allocated to a DPM (and any affiliated DPMs) is 25% or more of the total volume of the CBOE (excluding DJX, NDX, OEX, and SPX); or (3) the number of DPM appointments held by a DPM (and any affiliated DPMs) is 25% or more of the total number of DPMs effective on the CBOE.<sup>9</sup> Similarly, the Amex has no rule limiting the number of options products that may be allocated to a specialist unit, although the Amex considers several factors, including capitalization and the number of persons in a specialist unit, in making allocation decisions. In addition, the Amex will review a proposal merger of specialist units if the proposed merger would result in the concentration in the unit of 25% or more of the trading volume on the Amex or 25% or more of the number of products traded on the Amex.<sup>10</sup>

By increasing the number of issues that may be allocated to an LLM from 10% of the issues traded on the PCX's options floor to 15% of the issues traded on the PCX's options floor, the proposal will help to make PCX Rule 6.82(e)(3) more comparable to the policies of the CBOE and the Amex. Although the proposal increases the percentage of issues that may be allocated to an LLM, the Commission does not believe that the proposal will result in an undue concentration of issues in an LLM. In this regard, the Commission believes that the proposal to limit the number of issues that may be allocated to an LLM to 15% of the number of issues traded on the PCX should address concerns regarding potential adverse effects on the maintenance of a fair and orderly market that could arise from an LLM's insolvency or similar event. In addition,

the Commission notes that the PCX's proposal rule is more restrictive than the allocation policies of the CBOE and Amex, which do not impose a specified mandatory limit on the number of options that may be allocated to specialists or DPMs.

### IV. Conclusion

For the reasons discussed above, the Commission finds that the proposed rule change is consistent with the Act (specifically, Section 6(b)(5) of the Act) and the rules and regulations thereunder applicable to a national securities exchange.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>11</sup> that the proposed rule change (SR-PCX-99-35) is approved.

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

**Margaret H. McFarland,**  
Deputy Secretary.

[FR Doc. 00-8195 Filed 4-3-00; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42590; File No. SR-PCX-99-36]

### Self-Regulatory Organizations; Notice of Filing of a Proposed Rule Change and Amendment No. 1 by the Pacific Exchange, Inc. Relating to Options Trading Rules

March 29, 2000.

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 October 1, 1999, the Pacific Exchange, Inc. ("PCX" or "Exchange") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. On March 28, 2000, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>3</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

<sup>1</sup> 15 U.S.C. 78s(b)(2).

<sup>2</sup> 17 CFR 200.30-3(a)(12).

<sup>3</sup> 15 U.S.C. 78s(b)(1).

<sup>4</sup> 17 CFR 240.19b-4.

<sup>5</sup> In Amendment No. 1, the Exchange withdrew the proposed changes to PCX Rule 6.6 because the changes were previously made and approved in Securities Exchange Act Release No. 40875 (December 31, 1998), 64 FR 1842 (January 12, 1999). See letter from Michael D. Pierson, Director—Regulatory Policy, PCX, to Heather Traeger, attorney, Division of Market Regulation, SEC, on March 27, 2000 ("Amendment No. 1").

<sup>4</sup> See Securities Exchange Act Release No. 42050 (October 21, 1999), 64 FR 58117 (notice of filing and immediate effectiveness of File No. SR-PCX-99-32.) The Continued Listing Fee applies to options market makers and LLMs who wish to continue trading options issues that fail to produce revenue of more than \$500 per month through transaction, comparison, and data entry fees. If no LMM or trading crowd is willing to pay the Continued Listing Fee for an option that is subject to the fee, the PCX will delist the option.

<sup>5</sup> Since the implementation of the Continued Listing Fee, 158 issues have been delisted. Telephone conversation between Robert Pacileo, Staff Attorney, Regulatory Policy, PCX, and Yvonne Fraticelli, Special Counsel, Division of Market Regulation ("Division"), Commission, on March 23, 2000.

<sup>6</sup> See e.g., CBOE Regulatory Circular RG99-135, discussed in Section III, *infra*.

<sup>7</sup> 15 U.S.C. 78f(b)(5).

<sup>8</sup> In approving the proposal, the Commission has considered the rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>9</sup> See CBOE Regulatory Circular RG99-135.

<sup>10</sup> Conversation between Claire P. McGrath, Vice President and Special Counsel, Derivative Securities, Amex, and Yvonne Fraticelli, Special Counsel, Division, Commission, on March 20, 2000.

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

The PCX proposes to modify certain rules on options floor trading by clarifying existing provisions, eliminating superfluous provisions, and codifying current policies and procedures. The text of the proposed rule change is available at the Office of the Secretary, the PCX, 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 Exchange is proposing to make the following changes to the text of the PCX rules on options trading.

#### A. Definition of Term "Options Issue"

The PCX proposes to adopt new Rule 6.1(b)(12) to define the term "option issue" as "the option contract overlying a particular underlying security." The Exchange notes that the commonly-used term "issue" appears in several locations in the PCX rules.<sup>4</sup> The Exchange believes that the term "issue" means the same as "option" or "option contract" when used, for example, as in PCX Rule 6.65(a), which states: "Trading on the Exchange in any *option contract* shall be halted or suspended whenever \* \* \*." However, the Exchange believes that the use of the terms "option" and "option contract" would often result in ambiguities that the use of "issue" would not create. While the term "class of options" is used in many PCX Rules to refer

generally to options overlying a particular underlying security,<sup>5</sup> the Exchange believes that the use of the term "class" can be ambiguous because it may refer either to a "put class" or a "call class."<sup>6</sup> Accordingly, the Exchange is proposing to formally adopt the definition of the term "option issue."

#### B. General Rules Applicable to Options Trading

PCX Rule 6.1 sets forth a list of general PCX trading rules that are applicable, by cross-reference, to Exchange transactions in option contracts. Most of these rules relate primarily to the trading of equity securities on the Exchange. The Exchange is proposing to remove PCX Rules 5.2(a), 5.6(a)–(c), 5.8(d), 5.8(h), 5.12(a) and 5.13(a)–(b) from that list. Each of the cross-references to be removed is discussed below:

- PCX Rule 5.2(a)—"Types of Orders."<sup>7</sup> The Exchange believes that the first part of this rule—the part stating that all orders on the Exchange must be "day," "immediate or cancel" or "good 'till canceled"—applies to options trading, and accordingly, the Exchange is adopting PCX Rule 6.62, Commentary .01, to incorporate this part of the rule into the rules on options trading. However, the remainder of PCX Rule 5.2(a) either does not apply to options trading<sup>8</sup> or is superfluous.<sup>9</sup>
- PCX Rule 5.6(a)—"Bids—Offers—Quotations."<sup>10</sup> The Exchange believes

that PCX Rule 6.74<sup>11</sup> adequately covers the meaning of bids and offers as applied to options trading. The Exchange notes that the part of PCX Rule 5.6 covering the display of bids and offers on other market centers is superfluous in light of PCX Rule 6.73, which provides the requirements for bids and offers to have standing on the Options Floor.<sup>12</sup> Moreover, bids and offers are not displayed on the Options Floor for Intermarket Trading System ("ITS") purposes.

- PCX Rule 5.6(b)—"Regular Way."<sup>13</sup> The Exchange believes that the current cross-reference to this equity trading rule is also superfluous because, unlike settlement of equity securities, settlement of option contracts is not based on a distinction between "regular way" and "non-regular way."

- PCX Rule 5.6(c)—"All or None."<sup>14</sup> The Exchange believes that the cross-reference to this equity trading rule is erroneous and inconsistent with current practices. For example, assume that a floor broker who is holding an order to sell twenty option contracts enters a trading crowd and calls for a market. Next, assume that there are two responses: (1) a floor broker holding an "all or none" order for twenty contracts for a customer bids \$3, and (2) a market maker bids \$3. Under current practices and consistent with PCX Rule 6.75(a), if the broker were first to vocalize a bid, the broker would have first priority to

constitute an Exchange quotation. Bids and offers in other market centers which may be displayed on the Floor for the purpose of ITS or other purposes shall have no standing in the trading crowd on the Floor."

<sup>11</sup> PCX Rule 6.74 states: "Unless otherwise specified, all bids or offers made on the floor shall be deemed to be for one option contract unless a specific number is expressed in the bid or offer. A bid or offer for more than one option contract shall be deemed to be for that amount or any lesser number of option contracts, unless specified otherwise."

<sup>12</sup> PCX Rule 6.73 states: "Bids and offers to be effective must be made at the post by public outcry, except that bids and offers made by the Order Book Official shall be effective if displayed in a visible manner in accordance with PCX Rule 6.55. All bids and offers shall be general ones and shall not be specified for acceptance by particular members."

<sup>13</sup> PCX Rule 5.6(b) states: "Bids and offers made without stated conditions shall be considered to be 'regular way.' 'Regular way' bids or offers have priority over conditional bids or offers."

<sup>14</sup> PCX Rule 5.6(c) states: "A bid or offer may be made 'all or none'; however, regular bids or offers at equal or better prices shall have priority. No 'all or none' transaction in round lots may be effected unless all regular bids or offers at equal or better prices are executed thereby or simultaneously or unless the holders of such regular bids or offers consent thereto. All bids and offers, unless specifically made 'all or none,' shall be subject to split-up without objection except that in no case may a division of stock be made of less than round lots except by mutual consent."

<sup>4</sup> See, e.g., PCX Rule 6.8. Com. .08(a) ("If a firm desires to facilitate customer orders in the XYZ option issue. \* \* \*"); PCX Rule 6.28(a)(9) ("the permissible size of orders that may be automatically executed" may be increased "in a particular issue, or for all option issues"); PCX Rule 6.82(e) ("[t]he allocation of option issues PCX Rule 6.82(e) ("[t]he allocation of option issues to LMMs shall be effected by the Options Allocation Committee").

<sup>5</sup> See, e.g., PCX Rule 6.4(a) ("After a particular class of option \* \* \* has been opened for trading. \* \* \*"); PCX Rule 6.37(c) ("Whenever a Market Maker enters the trading crowd for a class of options in which he does not hold a Primary Appointment. \* \* \*"); PCX Rule 6.64, Com. .02 ("For those option classes and within such time periods as the Options Floor Trading Committee may designate. \* \* \*").

<sup>6</sup> PCX Rule 6.1(a)(10) states that "[t]he term 'class of options' means all option contracts of the same type of option covering the same underlying stock" (emphasis added), while the term "type of option" is defined in PCX Rule 6.1(a)(7) to mean "the classification of an option contract as either a put or call (emphasis added)." Therefore, the term "class" may refer to either a put call or a call class option contracts.

<sup>7</sup> PCX Rule 5.2(a) states: "All orders on the Exchange must either be 'day,' 'immediate or cancel,' 'good 'til canceled' ('GTC'), or 'good 'til canceled' that are eligible for execution in the post—1:00 p.m. auction market trading and closing price protection sessions' ('GTX'). Each class of orders must be recorded on the proper ticket provided therefor."

<sup>8</sup> "GTX" orders are not recognized on the Options Floor. See PCX Rule 5.25(f) ("GTX Orders Under P/COAST").

<sup>9</sup> The order ticket requirement of PCX Rule 5.2(a) is superfluous because current PCX Rules 6.67–6.69 expressly cover the use of order tickets for option orders.

<sup>10</sup> PCX Rule 5.6(a) states: "Bids and offers shall be for one trading unit or multiples thereof to

execute the order.<sup>15</sup> However, if PCX Rule 5.6(c) were applied, the market maker's bid would have priority, even if it were made second in sequence. The Exchange believes that PCX Rule 6.75 should prevail over PCX Rule 5.6(c), in accordance with current practices.

- PCX Rule 5.8(d)—“Simultaneous Bids and Offers.”<sup>16</sup> The Exchange notes that simultaneous bids and offers are not recognized in the general rules on priority of bids and offers for options contracts. The Exchange believes that PCX Rule 6.75 and 6.76 are exhaustive and that the cross-reference to Rule 5.8(d) is erroneous.

- PCX Rule 5.8(h)—“Marking Stop loss Orders.”<sup>17</sup> This rule covers the manual handling of stop loss orders. The Exchange believes that the procedure covered by this rule is unnecessary and that the responsibility of floor brokers to use due diligence in their handling of orders, as codified in the rules on option trading, is sufficient.<sup>18</sup>

- PCX Rule 5.12(a)—“Seller Responsible for Recording.”<sup>19</sup> The Exchange believes that the specific procedures currently set forth for reporting options transactions—Codified in PCX Rule 6.69 and OFPA G-12—adequately address this procedure and that the cross-reference to PCX Rule 5.12 is unhealthy and unnecessary.

- PCX Rule 5.13(a)–(b)—“Comparisons.”<sup>20</sup> The Exchange believes that PCX Options Rule 6.16 adequately covers the Exchange procedures for comparison of trade information and that the cross-reference to PCX Rules 5.13(a)–(b) is superfluous.

<sup>15</sup> PCX Rule 6.75(a) provides in part that “If two or more bids represent the highest price \* \* \* priority shall be afforded to such bids in the sequence in which they are made.”

<sup>16</sup> PCX Rule 5.8(d) states: “When bids or offers are made simultaneously, or when it is impossible to determine clearly the order of time in which they were made, all such bids or offers shall be on parity, except as noted in Rule 5.8(e).”

<sup>17</sup> PCX Rule 5.8(h) states: “All stop loss orders must clearly indicate in writing that they are such and, in addition, the amount and the price of the stock appearing at the top of the buy and sell ticket must be circled.”

<sup>18</sup> See PCX Rule 6.46 (“Responsibilities of Floor Brokers”).

<sup>19</sup> PCX Rule 5.12(a) states: “The seller shall be responsible for transactions being properly recorded by the floor reporters.”

<sup>20</sup> PCX Rule 5.13(a) states: “Every transaction on the Exchange must be compared as provided herein unless the same shall have been officially removed from the record in accordance with Exchange rules.” PCX Rule 5.13(b), Comparison Ticket, states “The comparison ticket shall contain and constitute a record of the name, quantity and price of the securities traded and the names of the buying and selling members from which daily transaction sheets will be prepared for member firms.”

### C. Trading Floor Badges

The Exchange proposes to eliminate superfluous and unnecessary provisions currently set forth in OFPA F-1 and F-6 for trading floor badges on the Options floor.<sup>21</sup> The Exchange is also proposing to merge the remaining parts of those OFPAs into PCX Rule 6.2(d).

### D. Visitors to the Options Floor

The Exchange is proposing to re-number OFPA F-2 as PCX Rule 6.2(e) (“Visitors on the Options Floor”). The Exchange is also proposing to eliminate subsection 6 of OFPA F-2, which limits the number of visitors and lengths of time during which visitors are permitted on the Options floor.<sup>22</sup> The Exchange is also proposing to make technical changes to OFPA F-2 and to eliminate superfluous provisions, including a summary of the provisions of current PCX Rule 6.2(a).<sup>23</sup> Finally, the Exchange proposes to add a new provision to PCX Rule 6.2(e), stating that a group of visitors comprising more than fifteen persons may not enter the Trading Floor without prior approval of the Chair or Vice Chair of the Options Floor Trading Committee.

### E. Complaints from Floor Members

The PCX proposes to adopt PCX Rule 6.2(f) (replacing OFPA E-5<sup>24</sup> and OFPA

<sup>21</sup> The provisions being eliminated include the following: “Rule 6.45 requires that each Floor Broker shall have in effect a Letter of Authorization that has been issued for such Floor Broker by a clearing member, and Section 77 of Rule VI requires that each Market Maker shall have in effect a Letter of Guarantee which has been issued for such market maker by a clearing firm.” (OFPA F-6)

<sup>22</sup> Subsection 6 of OFPA F-2 currently provides: “The inviting member of member organization floor manager may not sign in more than four guests at any given time. Visitors may remain on the Options Trading Floor a maximum of two hours during the trading session and one-half hour after it. Visitors, except those referred to in paragraph #4 above, may not be allowed on the Options Trading Floor more than five times in a calendar month, regardless of the duration of each visit.”

<sup>23</sup> This part of OFPA F-2 states: “Rule 6.2(a) limits admission to the Floor to members, employees of the Exchange, clerks or messengers employed by members, and such other persons as may be provided for in the Rules. Pursuant to this Rule, the Exchange encourages the presence of appropriate visitors on the Options Trading Floor, but it is deemed necessary to strictly enforce certain procedures governing the admission to the Floor of such visitors.”

<sup>24</sup> OFPA E-5 states:

“A Member of the Options Floor with a complaint concerning a situation arising on or relating to the Floor, should: (1) Notify the Surveillance Department of the circumstances involved, and (2) subsequent to such notification, submit the complaint in writing to the Surveillance Director. If the concerned Member believes it necessary for the Surveillance Department to personally review or rectify the situation, a member of the Department will immediately come to the Floor. A study will be conducted on all matters referred to the Surveillance Department pursuant to

E-6<sup>25</sup>), which advises options floor members as to where they may direct complaints concerning situations arising on or relating to the Options Trading Floor. Specifically, the proposed rule states that Floor Members may direct complaints concerning situations arising on or relating to the Options Trading Floor to the Options Surveillance Department or to the Enforcement Department so that appropriate follow-up action may be taken.

### F. Series of Options Open for Trading

The Exchange is proposing to update PCX Rule 6.4(a) so that it will conform with current practices by changing from three to four the number of different expiration months that will normally be opened at the commencement of trading a particular option issue.<sup>26</sup> The Exchange also proposes to remove erroneous provisions on the specific expiration month that may be added at the commencement of trading of a particular issue and at the time a previous month's series expires. The rule currently states that three months will normally be opened, with the first expiration month being within approximately three months thereafter, the second month being approximately three months after the first and the third being approximately three months after the second. In addition, the rule states that additional series of the same class may be opened for trading on the Exchange at or about the time a prior series expires, and the expiration month

this Floor Procedure Advice. Upon completion of such study, the Member(s) filing the complaint will be informed of the conclusion (i.e., filed closed or referred to the Compliance Department for further review or action). A written report of each study will be submitted to the Options Floor Trading Committee. General Information regarding such study may be given to concerned Members; however, the specific details shall remain confidential.”

<sup>25</sup> OFPA E-6 states: “Upon receipt of a written complaint from a member of the Options Floor, the Compliance Department shall commence an investigation into the allegations contained in such complaint. The Compliance Department may, among other things, interview the Complainant, and any witnesses and parties to the action which gave rise to the complaint. The Compliance Department may request a written response from the parties involved and any witnesses. Upon the Compliance Department obtaining the facts pertinent to the issue, a written recommendation will be drafted and presented to the Options Floor Trading Committee. After the Options Floor Trading Committee has received the written recommendation of the Compliance Department, the item should be placed on the Committee's agenda for discussion, and final action, insofar as the Options Floor Trading Committee is concerned. The Compliance Department may, in addition, commence Disciplinary Proceedings based upon any violation of the Pacific Exchange Constitution, Rules, Commentaries or procedures uncovered during the investigation of the complaint.”

<sup>26</sup> Cf. CBOE Rule 5.5, Interp. & Policy .03.

of each such series shall normally be approximately nine months following the expiration of such series. However, the current industry practice is normally to add four expiration months, the first two being the two nearest months, and the third and fourth being the next two months of the quarterly cycle previously designated by the Exchange for that specific issue.<sup>27</sup> When a previous expiration month's series expire, a new expiration month is added to assure that there are always four expiration months.

### G. Verification of Compared Trades

The PCX proposes to reduce the amount of time during which members or their representatives are required to remain available on the trading floor after the Trade Processing Department closes. The reduction will be based on the number of transactions processed per trading day. Specifically, the Exchange proposes to require that members of their representatives be available after Trade Processing closes for 30 to 60 minutes, depending on the number of transactions involved. Currently, members or their representatives are required by PCX Rule 6.17, Commentary .01 to remain available after the close as follows: when fewer than 8,000 transactions on the Exchange have occurred, 45 minutes; but when more than 8,000 trades have occurred, one hour and 15 minutes. Under the proposal, these times will be modified as follows: 0–8,000 transactions, 30 minutes; 8,000–12,000 transactions, 45 minutes; and over 12,000 transactions, 60 minutes. The Exchange believes that the new requirements are more reasonable and better reflect the Exchange's needs.

### H. Resolution of Uncompared Trades

The PCX proposes to modify PCX Rule 6.21 by changing the basis for establishing a loss as the result of an uncompared trade so that it will be the opening price on the business day following the trade date. Currently, the basis is the lesser of either the opening price on the business day following the trade date or the price at which the uncompared trade was closed. After careful consideration and review of this proposal by Exchange members and member firms, the Exchange proposes this change in an effort to simplify and make uniform the administration of pricing uncompared trades.<sup>28</sup> The Exchange is also proposing to require that notice of uncompared trades must be provided no later than the scheduled commencement of trading (unless a

floor official directs otherwise). The Exchange believes that the current time requirement—15 minutes from the scheduled commencement of trading—is overly flexible.

### I. Reports of Open Exercise Positions

The Exchange is proposing to clarify and simplify PCX Rule 62.7, which currently requires member organizations to file certain reports on open positions with the Exchange. The Exchange is proposing to restate the text of Commentary .01 in the text of PCX Rule 6.27 and to eliminate Commentaries .02 and .03.<sup>29</sup> As amended, PCX Rule 6.27 will provide that the Exchange may require each member organization to file with the Exchange a report, as of the 15th of each month, of all open positions resulting from the exercise of options contracts in accounts carried by a member organization. It will then incorporate current Commentary .01 into the rule by adding that such reports, when required, must be filed no later than the second business day following the day as of which the report is made.

### J. Fast Markets

The PCX proposes changes to PCX Rule 6.28 by merging the Text of OFPA G–9 into PCX Rule 6.28. Currently, OFPA G–9 lists procedures that will become effective in a fast market situation. The Exchange proposes this change to simplify and consolidate rules relating to fast market and unusual market conditions. In addition, the rule will add a cross-reference to the current requirement of market makers to trade a minimum of one contract based on quoted markets, pursuant to PCX Rule 6.37(f), during fast markets. The rule change will specify that regular trading procedures will be resumed when two floor officials determine that the conditions supporting the fast market no longer exist. Finally, it will remove, as unnecessary, the current provision allowing floor officials to assign brokerage responsibilities for particular series to specific floor brokers in the trading crowd during fast markets.

<sup>29</sup> Commentary .02 provides: "An open exercise position with respect to which the Options Clearing Corporation has assigned an exercise notice to the member organization and the member organization has not delivered the shares of the underlying stock in accordance with the Rules of the Options Clearing Corporation and these Rules." Commentary .03 currently provides: "All such reports shall be delivered to the Department of Member Organizations of the Exchange." The Exchange does not believe that a specified department needs to be identified in this rule and, in any event, member firms are currently on notice that such reports must be filed with the Department of Options Surveillance.

### 2. Statutory Basis

The Exchange believes that the proposal, as amended, is consistent with Section 6(b)(5) of the Act<sup>30</sup> because it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, and in general, to protect investors and the public interest.

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

The Exchange believes that the proposed rule change will impose no 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

Written comments were not solicited or received with respect to 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** within 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 self-regulatory organization consents, the Commission will:

- A. by order approve the 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, as amended, 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

<sup>27</sup> *Id.*

<sup>28</sup> *Cf.* CBOE Rule 6.61. Interp. & Policy. 01.

<sup>30</sup> 15 U.S.C. 78f(b)(5).

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-PCX-99-36 and should be submitted by April 25, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>31</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 00-8222 Filed 4-3-00; 8:45 am]

**BILLING CODE 8010-01-M**

## **SMALL BUSINESS ADMINISTRATION**

### **Region II Advisory Council Meeting; Public Meeting**

The U.S. Small Business Administration Region II Advisory Council located in the geographical area of Buffalo, New York, will hold a public meeting at 10 a.m. on April 19, 2000, at the Erie County Industrial Development Agency (ECIDA), 275 Oak Street, Board Room at entrance, Buffalo, New York to discuss matters that may be presented by members of the Advisory Council, staff of the U.S. Small Business Administration or others present.

For further information, write or call: Franklin J. Sciortino, District Director, Small Business Administration, 1311 Federal Building, 111 West Huron Street, Buffalo, New York 14202, (716) 551-4301.

**Franklin J. Sciortino,**

*District Director.*

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## **DEPARTMENT OF STATE**

(Public Notice 3273)

### **Bureau for International Narcotics and Law Enforcement Affairs; Anti-Crime Training and Technical Assistance Program (ACTTA)**

**AGENCY:** Office of Europe, NIS, and Training; Bureau for International Narcotics and Law Enforcement Affairs, State.

**ACTION:** Notice.

**SUMMARY:** State Department's Bureau for International Narcotics and Law Enforcement Affairs (INL) developed the

Anti-crime Training and Technical Assistance Program (ACTTA) in 1994 to bring U.S. Federal law enforcement agencies together to provide training and technical assistance in consultation with their counterparts in Russia, other the Newly Independent States (NIS), Hungary and Slovakia. Training continues to focus on combating international organized crime, financial crimes, and narcotics trafficking. The goal of the program is to increase professionalism and develop the technical capabilities of law enforcement institutions to combat organized crime and to assure that through international law enforcement cooperation, U.S. agencies and their foreign counterparts succeed in intercepting the movement of transnational organized criminal elements into the U.S.

The ACTTA program continues to include the participation of non-Federal agencies (e.g., universities, state/local government agencies, private non-profit organizations) in the delivery of law enforcement training and technical assistance to Russia, the NIS and Hungary and Slovakia. This non-Federal component of the ACTTA program has a timeframe of 2000-2002.

**DATES:** Strict deadlines for submission to the FY 2000 process are: Full proposals must be received at INL no later than Tuesday, May 16, 2000. Letters of intent will not be required. We anticipate that review of full proposals will occur during June 2000 and funding should begin during September of 2000 for most approved projects.

September 1, 2000 should be used as the proposed start date on proposals, unless otherwise directed by a program manager. Applicants should be notified of their status within 6 months, of submission deadline. All proposals must be submitted in accordance with the guidelines below. Failure to heed these guidelines may result in proposals being returned without review.

**ADDRESSES:** Proposals may be submitted to: U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs, Navy Hill South, 2430 E Street NW, Washington, D.C. 20520, Attn: Linda Gower, Grants Officer.

**FOR FURTHER INFORMATION CONTACT:**

Jo Ann Moore at above address, TEL: 202-736-4380, FAX: 202-736-4515, for Russia and the NIS  
Maren Brooks at above address, TEL: 202-736-4379, FAX: 202-736-4515, for Hungary or Slovakia, or  
Linda Gower at above address, TEL: 202-776-8774, FAX: 202-776-8775

Once the RFA deadline has passed, DOS staff may not discuss this competition in any way with applicants until the proposal review process has been completed.

### **SUPPLEMENTARY INFORMATION:**

#### **Funding Availability**

This Program Announcement is for projects to be conducted by agencies/programs outside the Federal Government, over a period of up to two years. Actual funding levels will depend upon availability of funds. Current plans are for up to \$3 million for Russia and the NIS, and \$100,000 for Hungary and \$400,000 for Slovakia, to be available for new (or renewing) ACTTA awards, in Crime. The funding instrument for extramural awards will be a grant or a cooperative agreement. Funding for non-U.S. institutions and contractual arrangements for services and products for delivery to INL are not available under this announcement. Matching share, though encouraged, is not required by this program. No proposal should exceed a total cost of \$750,000.

#### **Program Authority**

**Authority:** Section 635(b) of the Foreign Assistance Act, of 1961 as amended.

#### **Program Objectives**

The goal of the ACTTA program is to increase the technical capabilities of foreign country law enforcement institutions to control organized crime, combat corruption, institute democratic practices, and to assure that through international law enforcement cooperation, U.S. agencies succeed in intercepting the movement of transnational organized criminal elements into the U.S.

The ACTTA program has been designed to provide assistance to foreign governments which will complement the training and assistance provided by US Federal agencies. All training and assistance of the ACTTA program should be focused on city or local police forces, with a concentration out of the capital cities.

The program objectives of the ACTTA program are: (1) combat the growing threat to U.S. national security posed by the broad range of organized crime activities, (2) help emerging democracies strengthen their national and law enforcement institutions to counter illegal criminal activities, (3) help emerging democracies develop laws and prosecutorial frameworks to counter organized crime activities, and (4) provide foreign law enforcement institutions with the skills to detect,

<sup>31</sup> 17 CFR 200.30-3(a)(12).