

(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, 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, 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 Phlx. All submissions should refer to File No. SR-Phlx-00-93 and should be submitted by January 4, 2001.

V. Commission's Findings and Order Granting Partial Accelerated Approval of the Proposed Rule Change

The Commission finds that the proposed rule change relating to the automatic step-up feature¹³ is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange. Specifically, the Commission finds that the proposal is consistent with the section 6(b)(5)¹⁴ requirements that the rules of an exchange be designed to promote just and equitable principles of trade and to protect investors and the public interest.¹⁵

By providing an automatic step-up feature, the rule should help to insure that investors receipt prompt, automatic execution of AUTO-X eligible orders at the best available prices (subject to the step-up parameter), even if those prices

are being quoted on a market other than the Phlx. As a result, this proposal should minimize the delay inherent in manually handling orders in this circumstance, and thereby reduce the risk to investors that, as a result of an adverse move in the market while their orders are being manually handled, they may receive an inferior execution.

The Commission finds good cause for approving this portion of the proposed rule change, prior to the thirtieth day after the date of publication of notice thereof in the **Federal Register**. This will permit customers to receive the benefits of automatic price improvement under the proposed rule change more quickly. Further, the Exchange's proposed rule change regarding the automatic step-up feature is substantially similar to the Chicago Board Options Exchange Rule 6.8, Interpretations and Policies .02, which was approved in 1998.¹⁶ The Commission is not aware of any problems with respect to CBOE's automatic step-up feature.

VI. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,¹⁷ that the portion of the proposed rule change (SR-Phlx-00-93), as amended, allowing AUTO-X eligible orders to be automatically executed at the NBBO, provided that the NBBO is not better than the specialist's BBO by a predetermined step-up parameter, is hereby approved on an accelerated basis.

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

Margaret McFarland,

Deputy Secretary.

[FR Doc. 00-31804 Filed 12-13-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-43692; File No. SR-PHLX-00-20)

Self-Regulatory Organizations; Notice of Filing of a Proposed Rule Change by the Philadelphia Stock Exchange, Inc., Relating to Trading Certain Over-the-Counter Securities, Nasdaq National Market Securities

December 8, 2000.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934

("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 16, 2000, the Philadelphia Stock Exchange, Inc., ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit 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 trade certain over-the-counter ("OTC") securities, Nasdaq National Market ("Nasdaq/NM") securities, on the Exchange, pursuant to unlisted trading privileges ("UTP") under Section 12(f) of the Act.³ As discussed below, minor changes to Phlx rules are necessary to accommodate such trading, generally to revise the term "Nasdaq/NM securities." The text of the proposed rule change is available at the Office of the Phlx, the Secretary, 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

In 1985, the Commission permitted the extension of UTP⁴ by national securities exchanges in certain OTC securities, provided that certain terms and conditions were satisfied. In particular, the Commission's willingness to grant UTP was conditioned, in part, on the approval of

¹³ The Commission is not approving Phlx Rule 1080(c)(i)(D), (E) at this time.

¹⁴ 15 U.S.C. 78f(b)(5).

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

¹⁶ See Securities Exchange Act Release No. 40096 (June 16, 1998), 63 FR 34209 (June 23, 1998).

¹⁷ 15 U.S.C. 78s(b)(2).

¹⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 781(f).

⁴ Section 12(f) of the Act describes the circumstances under which an exchange may trade a security that is not listed on the exchange, i.e., by extending UTP to the security. See 15 U.S.C. 781(f).

a plan submitted by the interested exchanges and the National Association of Securities Dealers, Inc. ("NASD") to consolidate and disseminate exchange and OTC quotation and transaction data in OTC securities upon which UTP was granted. On June 26, 1990, the Commission approved a joint industry plan ("OTC/UTP Plan") submitted by the NASD, the American Stock Exchange ("Amex"), the Boston Stock Exchange ("BSE"), the Midwest Stock Exchange (currently operating as the Chicago Stock Exchange, or "CHX") and the Phlx.⁵

The OTC/UTP Plan provides for the collection from Plan participants and the consolidation and dissemination to vendors, subscribers and others of quotation and transaction information in "eligible securities." The Plan defines "eligible" as any Nasdaq/NM security as to which UTP has been granted to a national securities exchange pursuant to section 12(f) of the Act or that is listed on a national securities exchange.⁶

In late 1992, the Phlx obtained approval of a pilot program and accompanying rules to permit the trading of Nasdaq/NM securities on the Exchange pursuant to UTP ("Phlx OTC/UTP" Pilot Program").⁷ The Phlx began trading Nasdaq securities pursuant to the Pilot in February 1993. The effectiveness of the Pilot was extended four times before the Phlx determined to cease trading such securities pending reorganization of its OTC/UTP program as a whole. The Phlx OTC/UTP Pilot Program expired on February 12, 1996.⁸ The Phlx intends to reinstate OTC/UTP trading in Nasdaq/NM securities in the near future, and, thus, seeks reinstatement of the Phlx OTC/UTP Pilot Program. The Phlx believes that such reinstatement requires only the minor revisions to the Phlx rules for the term "Nasdaq/NM securities" because the various rules implicated by OTC/UTP trading were amended in connection with the original Phlx OTC/UTP Pilot Program.

Proposal

Reinstatement of the Phlx OTC/UTP Pilot Program will enable the trading of eligible Nasdaq/NM securities by Phlx specialists. The Phlx proposes to reinstate the Pilot for a six-month period.⁹ Initially, Phlx specialists will be provided with quotation generation capability, as well as the ability to manually enter and execute orders through a system designed by a third party vendor, TradinGear, separate from the Exchange's PACE System.¹⁰

The Phlx proposes to trade these securities pursuant to its equity rules, where applicable. The following series of provisions that continue to appear in Phlx rules, specifically reference Nasdaq/NM securities, which are outlined more fully below and include Phlx Rules 102; 105, Supplementary Material .01; 225; 226; 233; 455; and 606, previously approved on a pilot basis:¹¹

- Rule 102: Specifies that all Nasdaq/NM securities transactions must be conducted during the applicable Exchange trading floor hours.
- Rule 105: Includes language requiring that in the event of unusual market conditions, as determined by the Floor Procedure Committee, quotations in a given issue will not be subject to firmness provided that the Exchange notifies the processor of Nasdaq/NM securities.
- Rule 225: Incorporates Nasdaq/NM securities into the rule governing odd-lot orders.
- Rule 226: Incorporates Nasdaq/NM securities into the rule dealing with round-lot orders.
- Rule 233: Enables the Exchange to trade Nasdaq/NM securities pursuant to UTP.
- Rule 455: Exempts Nasdaq/NM securities from the short sale rule.
- Rule 606: Enables access by telephone or any other such access as may be established between the Exchange and the Nasdaq system to the Phlx assigned specialist for any Nasdaq system market maker.

The Phlx is also proposing to add a reference to Phlx Rule 233(b) to permit receipt of handheld orders for purposes of the proposed rule change. The proposed rule change would also expand the method of communication between specialists on the Exchange's equity floor and each Nasdaq market maker to include "such other access as may be established between the Exchange and the Nasdaq system."

2. Statutory Basis

The Exchange believes that reinstatement of the Phlx OTC/UTP Pilot Program is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, including sections 6(b)(5), 11A and 12(f) of the Act.¹² Specifically, the Phlx believes that the proposed rule change is consistent with section 6(b)(5), because permitting Phlx specialists to trade eligible Nasdaq/NM securities should promote just and equitable principles of trade and facilitate transactions in securities, thereby removing impediments to and perfecting the mechanism of a free and open market in manner consistent with the protection of investors and the public interest.

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

The Exchange does not believe that the proposed rule change will impose any inappropriate burden on competition.

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

The Exchange has requested accelerated effectiveness of the proposed rule change to promptly reinstate the Pilot. The Commission has determined to deny this request to provide an opportunity for the Exchange and the Commission to resolve questions and concerns created by the proposal but not answered in the proposal, and to provide for the full public comment period prior to potentially approving the proposed rule change to reinstate the Pilot. Accordingly, within 35 days of the date of publication of this notice in the

⁵ Securities Exchange Act Release No. 28146 (June 26, 1990), 55 FR 27917 (July 6, 1990). Since that time, the CSE and PCX have become participants in the OTC/UTP Plan. See respectively Securities Exchange Act Release Nos. 42657 (April 10, 2000), 65 FR 20498 (April 17, 2000); and 43165 (August 16, 2000), 65 FR 51878 (August 25, 2000).

⁶ The OTC/UTP Plan superseded an interim transaction reporting plan filed by the NASD and the CHX, approved by the Commission on April 29, 1987. See Securities Exchange Act Release No. 24407 (April 29, 1987), 52 FR 17349 (May 7, 1987).

⁷ See Securities Exchange Act Release No. 31672 (December 30, 1992), 58 FR 3054 (January 7, 1993) (order approving SR-Phlx-92-04).

⁸ See Securities Exchange Act Release No. 36087 (August 10, 1995), 60 FR 42637 (August 16, 1995).

⁹ The current number of Nasdaq/NM Securities that may be traded on a UTP basis is 1,000 securities. See Securities Exchange Act Release No. 41392 (May 12, 1999), 64 FR 27839 (May 21, 1999).

¹⁰ PACE is the Exchange's Automated Communication and Execution System. PACE provides a system for the automatic execution of orders on the Exchange equity floor under predetermined conditions. See generally Phlx Rule 229 which includes the ability, if available, to use PACE as an order delivery system for Nasdaq/NM securities.

¹¹ See Securities Exchange Act Release No. 31672 (December 30, 1992), 58 FR 3054 (order approving File No. SR-Phlx-92-94). The effectiveness of the Phlx OTC/UTP Pilot Program was extended four times, most recently through February 12, 1996.

¹² 15 U.S.C. 78f(b)(5), 78k-1, and 781(f).

Federal Register or 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 is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-Phlx-00-20 and should be submitted by January 4, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹³

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 00-31898 Filed 12-13-00; 8:45 am]

BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION

[Applicant No. 99000418]

Bluestem Capital Partners III, L.P.; Notice Seeking Exemption Under Section 312 of the Small Business Investment Act, Conflicts of Interest

Notice is hereby given that Bluestem Capital Partners III, L.P. (Bluestem III), 122 South Phillips Ave., Suite 300, Sioux Falls, South Dakota, 57104, an applicant for a Federal License under

the Small Business Investment Act of 1958, as amended ("the Act"), in connection with the financing of a small concern, has sought an exemption under section 312 of the Act and section 107.730, Financings which Constitute Conflicts of Interest of the Small Business Administration ("SBA") rules and regulations (13 CFR 107.730 (2000)). Bluestem III proposes to provide convertible debt security financing to Paragon Solutions, Inc., 3625 Brookside Parkway, Suite 300, Alpharetta, GA 30022. The financing is contemplated for the purpose of providing working capital to Paragon Solutions, Inc. to fund its current operations and the expansion of its sales force and management team within the U.S.

The financing is brought within the purview of Sec. 107.730(a)(1) of the Regulations because Bluestem Capital Partners II, L.P., an Associate of Bluestem III, currently owns greater than 10 percent of Paragon Solutions, Inc. and therefore Paragon Solutions, Inc. is considered an Associate of Bluestem III as defined in Sec. 107.50 of the SBA Regulations.

Notice is hereby given that any interested person may submit written comments on the transaction to the Associate Administrator for Investment, U.S. Small Business Administration, 409 Third Street, SW., Washington, DC 20416.

Dated: December 1, 2000.

Don A. Christensen,

Associate Administrator for Investment.

[FR Doc. 00-31786 Filed 12-13-00; 8:45 am]

BILLING CODE 8025-01-P

SMALL BUSINESS ADMINISTRATION

[Applicant No. 99000414]

Selby Venture Partners II, L.P.; Notice Seeking Exemption Under Section 312 of the Small Business Investment Act, Conflicts of Interest

Notice is hereby given that Selby Venture Partners II, L.P., 2460 Sand Hill Road, Suite 200, Menlo Park, California 94025, an applicant for a Federal License under the Small Business Investment Act of 1958, as amended ("the Act"), in connection with the financing of a small concern, has sought an exemption under section 312 of the Act and section 107.730, Financings which Constitute Conflicts of Interest of the Small Business Administration ("SBA") rules and regulations (13 CFR 107.730 (2000)). Selby Venture Partners II, L.P. proposes to provide equity financing to Pulsent Corporation, 1455

McCarthy Blvd., Milpitas, California 95035. The financing is contemplated for working capital and research and development.

The financing is brought within the purview of Sec. 107.730(a)(1) of the Regulations because Selby Venture Partners, L.P., an Associate of Selby Venture Partners II, L.P., currently owns greater than 10 percent of Pulsent Corporation and therefore Pulsent Corporation is considered an Associate of Selby Venture Partners II, L.P. as defined in Sec. 107.50 of the regulations.

Notice is hereby given that any interested person may submit written comments on the transaction to the Associate Administrator for Investment, U.S. Small Business Administration, 409 Third Street, SW., Washington, DC 20416.

Dated: December 1, 2000.

Don A. Christensen,

Associate Administrator for Investment.

[FR Doc. 00-31785 Filed 12-13-00; 8:45 am]

BILLING CODE 8025-01-P

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3309]

State of Oklahoma (Amendment #1)

In accordance with information received from the Federal Emergency Management Agency dated December 4, 2000, the above-mentioned Declaration is hereby amended to include Carter, Comanche, and Tillman Counties in the State of Oklahoma as a disaster area due to damages caused by severe storms and flooding beginning on October 21, 2000 and continuing through October 29, 2000.

In addition, applications for economic injury loans from small businesses located in the following contiguous counties may be filed until the specified date at the previously designated location: Cotton, Jackson, Jefferson, Johnston, Love, Marshall, and Murray Counties in Oklahoma; and Wichita and Wilbarger Counties in Texas.

Any counties contiguous to the above-named primary counties and not listed herein have been previously declared.

All other information remains the same, *i.e.*, the deadline for filing applications for physical damage is January 26, 2001, and for economic injury the termination date is August 27, 2001.

The economic injury number for Texas is 9J8900.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008)

¹³ 17 CFR 200.30-3(a)(12).