

of 1934 ("Act")<sup>1</sup> and Rule 19b-4<sup>2</sup> thereunder, a proposal to institute an Antitrust Compliance Policy. On June 7, 2001, the Commission published the proposed rule change in the **Federal Register**.<sup>3</sup> The Commission received no comments on the proposal. This order approves the proposed rule change.

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.<sup>4</sup> In particular, the Commission finds that the proposal is consistent with section 6(b)(5) of the Act which requires, among other things, that the rules of an exchange be designed to promote just and equitable principles of trade; to facilitate transactions in securities; to remove impediments to and perfect the mechanisms of a free and open market and a national market system; and, in general, to protect investors and the public interest.<sup>5</sup>

In September 2000, the Commission issued an order instituting public administrative proceedings against Phlx and other options exchanges, finding that Phlx and the other options exchanges had, among other things, followed a course of conduct that limited multiple listing of options, impeded competition in multiple listing, and failed appropriately to enforce rules relating to harassment and intimidation of members.<sup>6</sup> The Commission believes that Phlx's establishment of an Antitrust Compliance Policy should help to promote just and equitable principles of trade.

*It Is Therefore Ordered*, pursuant to section 19(b)(2) of the Act,<sup>7</sup> that the proposed rule change (SR-Phlx-2001-19) is approved.

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

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

[FR Doc. 01-17517 Filed 7-12-01; 8:45 am]

**BILLING CODE 8010-01-M**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44514; File No. SR-Phlx-2001-53]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to PACE Delivery of Certain Orders Without Agency Execution Guarantees

July 5, 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 May 15, 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 Phlx submitted Amendment No. 1 on June 14, 2001,<sup>3</sup> Amendment No. 2 on June 26, 2001,<sup>4</sup> and Amendment No. 3 on June 29, 2001.<sup>5</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The Phlx proposes to modify the order delivery aspect of PACE<sup>6</sup> to permit the specialist to choose to accept orders through PACE, without participating in the PACE execution guarantees for agency orders, where the entering member organization has elected not to receive automatic

execution or primary market print protection for electronically delivered limit orders, in accordance with the procedures established by the Floor Procedure Committee. The text of the proposed rule change is below. Proposed new language is in italics.

\* \* \* \* \*

#### Rule 229. Philadelphia Stock Exchange Automated Communication and Execution System (PACE)

PACE provides a system for the automatic execution of orders on the Exchange equity floor under predetermined conditions. Orders accepted under the system may be executed on a fully automated or manual basis in accordance with the provisions of this Rule. Securities admitted to dealings on the equity floor are eligible for trading on the PACE System in which equity specialists and member organizations may choose to participate. The conditions under which orders will be accepted and executed are set forth below. When used in the Rule, PRL means a combined round-lot and odd-lot order, and PACE Quote means the best bid/ask quote among the American, Boston, Cincinnati, Chicago, New York, Pacific or Philadelphia Stock Exchange, or the Intermarket Trading System/Computer Assisted Execution System ("ITS/CAES") quote, as appropriate. The PACE rules, conditions and guidelines do not apply to orders not on the system, and existing rules governing orders not on the system are not affected hereby.

#### Supplementary Material

The following PACE execution parameters are minimum standards applicable to agency orders received through PACE. Orders transmitted to the floor through the PACE system can be executed on a basis better than the applicable minimum standard:

.01 Member organizations wishing to participate in PACE may send to the Philadelphia trading floor market and limit orders up to the maximum number of shares in securities traded under PACE as shall be fixed by the Exchange from time to time. All orders in eligible securities shall be executed in whole or in part on a first in first out basis.

.02 Specialists are required to provide, at a minimum, PACE execution parameters, as defined by the Rule, to agency orders received through the system, *except as provided below*.

Although specialists are not required to provide PACE execution parameters to non-agency orders received through PACE, if the specialists choose to execute non-agency orders automatically through PACE, they must provide the same PACE executions to non-agency orders as they provide to agency orders. If however, the specialists choose to execute non-agency orders manually, they must adhere to existing Exchange rules governing orders not on the system with respect to such orders.

For purposes of the PACE System, an agency order is any order entered on behalf of a public customer, and does not include any order entered for the account of a broker-dealer, or any account in which a broker-dealer or an associated person of a broker-

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 44373 (May 31, 2001), 66 FR 30783.

<sup>4</sup> In approving the proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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

<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, 2001).

<sup>7</sup> 15 U.S.C. 78s(b)(2).

<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> See letter from Edith Hallahan, First Vice President and Deputy General Counsel, Phlx, to Nancy Sanow, Assistant Director, Division of Market Regulation, Commission, dated June 11, 2001 ("Amendment No. 1"). In Amendment No. 1, the Phlx clarified the procedures required to permit the specialist to choose to accept orders through the Philadelphia Stock Exchange Automated Communications and Execution System ("PACE") without participating in PACE execution guarantees for agency orders.

<sup>4</sup> See letter from Edith Hallahan, First Vice President and Deputy General Counsel, Phlx, to Nancy Sanow, Assistant Director, Division of Market Regulation, Commission, dated June 25, 2001 ("Amendment No. 2").

<sup>5</sup> See letter from Edith Hallahan, First Vice President and Deputy General Counsel, Phlx, to Nancy Sanow, Assistant Director, Division of Market Regulation, Commission, dated June 27, 2001 ("Amendment No. 3"). Amendment No. 3 replaced Amendment No. 2 in its entirety and deleted the term "generally" from the proposed rule text.

<sup>6</sup> PACE is the Exchange's electronic order routing, delivery, execution and reporting system. See Phlx Rule 229.

dealer has any direct or indirect interest. Non-agency orders are not permitted on PACE except where the Exchange has been provided with a Specialist Agreement, signed by the respective specialist, acknowledging the acceptance of such non-agency orders from the specific firm(s), and any minimum execution parameters (order size guarantees) agreed to be provided to such orders by the respective specialist. Any such Specialist Agreement must provide the same minimum execution parameters to all non-agency orders by that specialist and will not provide for greater order size guarantees to non-agency orders than those provided to agency orders.

*The specialist may choose to accept orders through PACE, without participating in the PACE execution guarantees for agency orders, where the entering member organization has elected not to receive automatic execution or primary market print protection for electronically delivered limit orders, in accordance with the procedures established by the Floor Procedure Committee.*

\* \* \* \* \*

## 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 permit equity specialists to accept orders for delivery over PACE, without necessarily having to provide them with the agency execution guarantees detailed within Phlx Rule 229.

PACE is a voluntary system, meaning order-entry (entering) member organizations may choose to establish PACE connectivity and deliver orders to the Exchange's equity floor via PACE. Similarly, Phlx equity specialists may choose to participate in PACE with respect to specialty securities. Currently, under Phlx Rule 229, specialists are required to provide, at a minimum, PACE execution parameters, as defined by the rule, to agency orders received through the system. Specialists may also choose to accept non-agency (broker-dealer) orders, as long as they

also receive agency orders, pursuant to the rule. This proposal modifies the order delivery aspect of PACE to provide a third category of PACE processing that would be available to specialists who could choose to receive orders from member organizations who, in turn, choose not to elect certain execution guarantees. This proposal is intended to permit specialists to choose the third category of PACE processing, without either: (i) Agency orders entitled to PACE execution parameters; or (ii) agency and broker-dealer orders.

Specifically, the new paragraph in Commentary .02 to Phlx rule 229 permits the specialist to accept electronically-delivered orders over PACE, pursuant to procedures determined by the Floor Procedure Committee.<sup>7</sup> This provision would apply where the entering member organization has elected not to receive automatic execution or primary market print protection for limit orders.<sup>8</sup>

Over time and in response to various market developments, the Exchange has modified various aspects of the PACE system, such as the order delivery size, automated price improvement features and, most recently, the elections of order-entry member organizations respecting PACE guarantees.<sup>9</sup> The Exchange believes that the proposal and hand to provide a third category of PACE processing is similar in that it addresses the specific requests and needs of order delivery firms respecting their particular order flow character and demands.

Under the proposal, equity specialists are afforded a third alternative respecting PACE processing. Thus, a specialist may determine to accept PACE orders in a security under this provision, in lieu of eliminating the security from the PACE eligibility list (noting that the PACE system is voluntary). The Phlx represents that many factors drive whether a specialist

<sup>7</sup> Under the proposal, the specialist will be required to submit a letter to the appropriate Exchange department stating the specialist's intentions to accept orders over the modified PACE system and to specify that the specialist is accepting orders over PACE under the proposal without agency guarantees. In addition, the proposal provides that the Floor Procedure Committee may change this procedure. See *supra* note 3.

<sup>8</sup> See Phlx Rules 229.10 (a)(i) and (ii), respectively, containing those guarantees. Under the proposal, the entering member organization would communicate its election not to receive certain automatic execution or primary market print protection guarantees by submitting a letter to the Exchange. See *supra* note 3.

<sup>9</sup> See Securities Exchange Act Release Nos. 41081 (February 22, 1999), 64 FR 10053 (March 1, 1999) (SR-Phlx-1998-46); 42973 (June 21, 2000), 65 FR 39974 (June 28, 2000) (SR-Phlx-2000-43); and 43059 (July 20, 2000), 65 FR 46541 (July 28, 2000) (SR-Phlx-2000-58).

chooses to accept orders over PACE, including customer demand and competitive pressures (such as what other exchanges guarantee). Some of these factors are unique to a particular security, such as its volatility, liquidity, volume, and trading patterns. Where a specialist believes that a security may not be well-suited for automatic execution, or primary market print protection, the proposal preserves the specialist's ability to accept orders electronically over PACE, without the concomitant execution guarantees. Thus, the Exchange believes that the proposal should assist a specialist's ability to accept orders electronically, without impairing the ability to make fair and orderly markets.

#### 2. Statutory Basis

The Phlx believes the proposed rule change is consistent with the provisions of 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 and perfect the mechanism of a free and open market and protect investors and the public interest by encouraging specialists to participate in PACE order delivery, even where a security may not be appropriate for agency-type guarantees.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purpose 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 neither solicited nor received.

## III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The proposed rule change, as amended, has become effective pursuant to section 19(b)(3)(A) of the Act<sup>12</sup> and subparagraph (f)(5) of Rule 19b-4 thereunder<sup>13</sup> because it effects a change in an existing order-entry or trading system of the Exchange that (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on

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

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

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4(f)(5).

competition; and (iii) does not have the effect of limiting the access to or availability of the system. At any time within 60 days of the filing of the proposed rule change as amended, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposal, 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 Exchange. All submissions should refer to file number SR-Phlx-2001-53 and should be submitted by August 3, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>14</sup>

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

[FR Doc. 01-17521 Filed 7-12-01; 8:45 am]

BILLING CODE 8010-01-M

#### SMALL BUSINESS ADMINISTRATION

##### [Declaration of Disaster #3345]

##### State of West Virginia (Amendment #3)

In accordance with a notice received from the Federal Emergency Management Agency, dated July 5, 2001, the above-numbered Declaration is hereby amended to include Calhoun and Putnam Counties in the State of West Virginia as a disaster area caused by flooding, severe storms, and

landslides beginning on May 15, 2001 and continuing.

In addition, applications for economic injury loans from small businesses located in Gilmer and Ritchie Counties in the State of West Virginia may be filed until the specified date at the previously designated location. Any counties contiguous to the above named primary counties and not listed here have been previously declared.

All other information remains the same, i.e., the deadline for filing applications for physical damage is August 2, 2001, and for loans for economic injury is March 4, 2002.

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

Dated: July 9, 2001.

**James E. Rivera,**

*Acting Associate Administrator for Disaster Assistance.*

[FR Doc. 01-17540 Filed 7-12-01; 8:45 am]

BILLING CODE 8025-01-P

#### SOCIAL SECURITY ADMINISTRATION

##### The Ticket to Work and Work Incentives Advisory Panel Meeting

**AGENCY:** Social Security Administration (SSA).

**ACTION:** Notice of meeting.

**DATES:** August 21, 2001, 10 a.m.-5 p.m. Pacific Time (PT), August 22, 2001, 9 a.m.-5 p.m. PT, August 23, 2001, 9 a.m.-4 p.m. PT.

**ADDRESSES:** Doubletree Hotel—Portland Downtown, 310 SW Lincoln Street, Portland, OR 97201, Phone: (503) 221-0450, Fax: (503) 226-6260.

The hotel is located in downtown Portland and 25 minutes from the airport. The hotel offers complimentary shuttle service to/from the airport. Upon arriving at the airport, follow the signs to Baggage Claim and then follow the signs to hotel shuttle. Board the Doubletree Downtown-Lloyd Center shuttle.

**SUPPLEMENTARY INFORMATION:** *Type of meeting:* This is a quarterly meeting open to the public. The interested public is invited to participate by coming to the address listed above. Public comment will be taken. The public is also invited to submit comments in writing on the implementation of the Ticket to Work and Work Incentives Improvement Act (TWWIIA) of 1999 at any time.

*Purpose:* In accordance with section 10(a)(2) of the Federal Advisory Committee Act, the Social Security Administration (SSA) announces a meeting of the Ticket to Work and Work

Incentives Advisory Panel (the Panel). Section 101(f) of Public Law 106-170 establishes the Panel to advise the Commissioner of SSA, the President, and the Congress on issues related to work incentives programs, planning and assistance for individuals with disabilities as provided under section 101(f)(2)(A) of the TWWIIA. The Panel is also to advise the Commissioner on matters specified in section 101(f)(2)(B) of that Act, including certain issues related to the Ticket to Work and Self-Sufficiency Program established under section 101(a) of that Act.

*Agenda:* The Panel will meet in person commencing Tuesday, August 21, 2001 from 10 a.m. to 5 p.m. PT; Wednesday, August 22, 2001 from 9 a.m. to 5 p.m. PT; and Thursday, August 23, 2001 from 9 a.m. to 4 p.m. PT. The Panel will use the meeting time to receive public testimony, hear presentations, conduct full Panel deliberations on the implementation of TWWIIA, hold committee meetings, receive briefings and conduct business. Public testimony will be heard in person on Wednesday, August 22, 2001 from 9:30 a.m. to 10:30 a.m. PT. The full agenda for the meeting will be posted on the Internet at <http://www.ssa.gov/work/panel/> one week before the meeting or can be received in advance electronically or by fax upon request.

Individuals interested in providing testimony in person should contact the Panel staff as outlined in the "Contact Information" section below to schedule time slots. Each presenter will be called on by the Chair in the order in which they are scheduled to testify and is limited to a maximum five-minute verbal presentation. Full written testimony on TWWIIA Implementation, no longer than 5 pages, may be submitted in person or by mail, fax or e-mail on an on-going basis to the Panel for consideration. In the event that the public comments do not take up the scheduled time period for public comment, the Panel will use that time to deliberate and conduct other Panel business.

*Contact Information:* Anyone requiring information regarding the Panel should contact the TWWIIA Panel staff. Records are being kept of all Panel proceedings and will be available for public inspection by appointment at the Panel office. Anyone requiring information regarding the Panel should contact the Panel staff by:

- Mail addressed to Social Security Administration, Ticket to Work and Work Incentives Advisory Panel Staff, 400 Virginia Avenue, SW., Suite 700, Washington, DC 20024;

<sup>14</sup> 17 CFR 200.30-3(a)(12).