

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 the File No. SR-Phlx-2001-56 and should be submitted by June 25, 2001.

IV. Summary of Comment Regarding the Initial Pilot Program

The Commission received one comment letter regarding the Initial Pilot Program.¹⁰ The commenter suggested that the Initial Pilot Program lacked appropriate safeguards to ensure time priority of customer orders when they are transferred from AUTO-X to a specialist. More specifically, the commenter was concerned that orders would not be executed immediately and therefore, would not receive the best price. In addition, the commenter compared the disengagement of AUTO-X to a trading halt without advance published notice. Finally, the commenter claimed that that the pilot program would result in a loss of predictability and reliability of quoted Phlx prices and would allow specialists to circumvent the Quote Rule, thereby hindering market efficiency.

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

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.¹¹ In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act, which requires that the rules of an exchange be designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national securities system, and protect investors and the public interest.¹² The Commission believes that extension of the Initial Pilot Program should help the Exchange to prepare for disseminating its options quotes with size. In addition, the Commission believes that the proposal may assist specialists in maintaining fair and orderly markets during periods of peak market activity.

The Commission recognizes that during the six months of the Initial Pilot

Program, the Phlx has received no complaints from customers, floor traders, or member firms. The Commission finds that the Phlx has adequately responded to concerns raised in the commenter's letter.¹³ The Exchange noted that Phlx Rule 1080(c) provides the Phlx's Options Committee discretion to restrict the use of AUTO-X in any options series. The Exchange also clarified that orders will not be executed at an inferior price simply because they are not routed to the specialist for manual handling; the orders will be handled in a manner consistent with the Exchange's rules on priority, parity, and precedence and in compliance with the SEC's Quote Rule and Phlx Rule 1082 ("Firm Quotations").

Consequently, the Commission believes that extending the Initial Pilot Program for an additional six months in a limited number of options should enable the Phlx to further evaluate the effect of disengaging AUTO-X under certain circumstances. The Commission finds that increasing the number of options included in the pilot program to an amount not to exceed 100 options is reasonable because no problems were reported during the six months of the Initial Pilot Program.

The Commission notes that the Exchange has represented that it will continue to evaluate the pilot program by reviewing specialists' performance in the selected options, and by monitoring any complaints relating to the pilot program.¹⁴ Furthermore, the Commission notes that the Exchange has represented that it will continue to post on its website a list of options included in the pilot program, as well as issue a circular to this effect to members, member organizations, participants, and participant organizations explaining the pilot program and the circumstances in which the AUTO-X system will not be available for customer orders.¹⁵

Finally, the Commission finds good cause, pursuant to section 19(b)(2) of the Act,¹⁶ for approving the proposed rule change prior to the thirtieth day after

the date of publication of notice thereof in the **Federal Register**. The Commission believes that granting accelerated approval to extend the Initial Pilot Program for six months will allow Phlx to continue, without interruption, the existing operation of its AUTO-X system.

VI. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,¹⁷ that the proposed rule change (SR-Phlx-2001-56) is hereby approved on an accelerated basis, as a six-month pilot, scheduled to expire on November 30, 2001.

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

Margaret H. McFarland,

Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3320, Amdt. #6]

State of Washington

In accordance with a notice received from the Federal Emergency Management Agency, dated May 21, 2001, the above-numbered Declaration is hereby amended to extend the deadline for filing applications for physical damages as a result of this disaster to June 30, 2001.

All other information remains the same, *i.e.*, the deadline for filing applications for economic injury the deadline is November 30, 2001.

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

Dated: May 29, 2001.

James E. Rivera,

Acting Associate Administrator for Disaster Assistance.

[FR Doc. 01-13954 Filed 6-1-01; 8:45 am]

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TENNESSEE VALLEY AUTHORITY

Paperwork Reduction Act of 1995, as Amended by Public Law 104-13; Proposed Collection, Comment Request

AGENCY: Tennessee Valley Authority.

ACTION: Proposed collection; comment request.

SUMMARY: The proposed information collection described below will be

¹⁰ See *supra* note 4.

¹¹ In approving this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹² 15 U.S.C. 78f(b)(5).

¹³ See letter from Richard S. Rudolph, Counsel, Phlx, to Jonathan G. Katz, Secretary, Commission, Phlx, dated May 21, 2001.

¹⁴ Telephone conversation between Richard S. Rudolph, Counsel, Phlx, and Sapna C. Patel, Attorney, Division of Market Regulation ("Division"), Commission, on May 24, 2001.

¹⁵ *Id.* Phlx also represented that it would include language in its circular clarifying that Auto-X will not be re-engaged until the expiration of the 30 second period, even after a quote is revised. Telephone conversation between Richard S. Rudolph, Counsel, Phlx, and Sonia Patton, Attorney, Division, Commission, on May 29, 2001.

¹⁶ 15 U.S.C. 78s(b)(2).

¹⁷ *Id.*

¹⁸ 17 CFR 200.30-3(a)(12).