

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>30</sup>

Margaret H. McFarland,

Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43126; File No. SR-Phlx-00-34]

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 by the Philadelphia Stock Exchange, Inc. To Require Immediate Display of Customer Limit Orders by Specialists

Date: August 7, 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 April 11, 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. On July 5, 2000, the Phlx 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 and Amendment No. 1 from interested persons.

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

The Phlx, pursuant to Rule 19b-4 of the Act, proposes to amend Phlx Rule 1020, and Options Floor Procedure Advice ("OFPA") A-1, "Responsibility of Displaying Best Bids and Offers," to require the immediate display of customer limit orders by specialists. As amended, the Phlx proposal would require specialists to immediately display customer limit orders as soon as practicable, and under normal market conditions, no later than 30 seconds

after receipt. Additionally, the proposed rule change would increase the amount of the fines imposed for violations of OFPA A-1. The Phlx proposes to aggregate an individual's total number of violations for a period of three years. The Exchange is proposing to amend its minor rule violation enforcement and reporting plan ("minor rule plan") accordingly.<sup>4</sup>

#### 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 amend Exchange Rule 1020 and OFPA A-1 to require immediate display of customer limit orders by specialists. Currently, OFPA A-1 ("Responsibility of Displaying Best Bids and Offers") and Phlx Rule 1020 ("Registration and Functions of Options Specialists") require that specialists use due diligence to display the best bid and offer in an option series. The proposed rule change, as amended, would require specialists to immediately display customer orders that better the market. The proposal states that under normal market conditions, a specialist must immediately display customer limit orders (*i.e.*, as soon as practicable and no later than 30 seconds after receipt). The proposal replaces the current "due diligence" standard with an immediate display requirement.

Currently, the fine schedule for violations of OFPA A-1 is as follows: first offense, \$50; second offense, \$100; third offense, \$250; fourth offense and

more, sanction discretionary with the Exchange's Business Conduct Committee. The Phlx implements this fine schedule on a one-year running basis.

The proposed rule change would increase the amount of the fines as follows: First offense, \$250; second offense, \$500 third offense, \$1,000; fourth offense and more, sanction discretionary with the Exchange's Business Conduct Committee. The proposed fine schedule would be implemented on a three-year running basis during which an individual's total violations will be counted.<sup>5</sup>

The Exchange believes that the proposal to require specialists to immediately display customer limit orders and to increase the fine schedule for a specialist's failure to comply reflects the Exchange's attempt to make more current, accurate market information available to the public and to make a specialist's failure to comply a more severe violation of the Exchange's rules.

###### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of Section 6 of the Act,<sup>6</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>7</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, foster cooperation and coordination with persons engaged in facilitating transactions in securities, and remove impediments to and perfect the mechanism of a free and open market and a national market system.

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

The Exchange believes that the proposed rule change will not impose any 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

The Exchange has neither solicited nor received 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**

<sup>30</sup> See 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> Letter from Richard S. Rudolph, Counsel, Phlx, to Jennifer Colihan, Attorney, SEC, dated July 3, 2000 ("Amendment No. 1"). In Amendment No. 1, the Phlx clarified that immediate display of customer limit orders meant that customer limit orders would be displayed as soon as practicable, and under normal market conditions, no later than 30 seconds after receipt. Amendment No. 1 also changed the proposed rule language for the implementation of the fine schedule from a "three year running calendar basis" to a "three year running basis."

<sup>4</sup> The Phlx's minor rule plan, codified in Phlx Rule 970, contains floor procedure advices with accompanying fine schedules. Rule 19d-1(c)(2) under the Act authorizes national securities exchanges to adopt minor rule violation plans for summary discipline and abbreviated reporting; Rule 19d-1(c)(1) requires prompt filing with the Commission of any final disciplinary action. However, fines for minor rule violations not exceeding \$2,500 are deemed not final, thereby permitting periodic, as opposed to immediate, reporting.

<sup>5</sup> See Amendment No. 1, *supra* note 3.

<sup>6</sup> 15 U.S.C. 78f.

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

**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 Exchange 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, NW., Washington, DC 20549-0609. Copies of the submissions, 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 persons, 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, 450 Fifth Street, NW., Washington, DC 20549-0609. 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-00-34 and should be submitted by September 5, 2000.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

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**BILLING CODE 8010-01-M**

#### SMALL BUSINESS ADMINISTRATION

**[Declaration of Disaster #3269; (Amendment #3)]**

##### State of North Dakota

In accordance with a notice from the Federal Emergency Management Agency, dated August 2, 2000, the above-numbered Declaration is hereby amended to include McIntosh County, North Dakota as a disaster area due to

damages caused by severe storms, flooding, and ground saturation beginning on April 5, 2000 and continuing through July 21, 2000.

All counties contiguous to the above-named primary county have been previously declared. All other information remains the same, *i.e.*, the deadline for filing applications for physical damage is August 26, 2000 and for economic injury the deadline is March 27, 2001.

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

Dated: August 3, 2000.

**James E. Rivera,**

*Acting Associate Administrator for Disaster Assistance.*

[FR Doc. 00-20476 Filed 8-11-00; 8:45 am]

**BILLING CODE 8025-01-U**

#### SOCIAL SECURITY ADMINISTRATION

##### Agency Information Collection Activities: Proposed Request and Comment Request

In compliance with Public Law 104-13, the Paperwork Reduction Act of 1995, SSA is providing notice of its information collections that require submission to the Office of Management and Budget (OMB). SSA is soliciting comments on the accuracy of the agency's burden estimate; the need for the information; its practical utility; ways to enhance its quality, utility and clarity; and on ways to minimize burden on respondents, including the use of automated collection techniques or other forms of information technology.

The information collections listed below have been submitted to OMB for clearance. Written comments and recommendations on the information collections would be most useful if received within 30 days from the date of this publication. Comments should be directed to the SSA Reports Clearance Officer and the OMB Desk Officer at the addresses listed at the end of this publication. You can obtain a copy of the OMB clearance packages by calling the SSA Reports Clearance Officer on (410) 965-4145, or by writing to him.

1. *Integrated Registration for Employers and Submitters (IRES)*-0960-NEW. The IRES authentication system is a free service designed to allow employers to access SSA's electronic wage reporting services, and to replace the use of a handwritten signature with an electronic signature. Employer representatives will use an IRES generated PIN and password as their electronic signature. IRES was designed to be more efficient, reducing the costs

to both employers and SSA, and will facilitate the filing of wage data electronically.

SSA's paramount interest in the development of IRES was to ensure that the new electronic method of identifying wage report submitters provides the same security features as the current paper-based method. Security features will include message integrity, originator authentication, non-repudiation and confidentiality. The PIN and password will be issued to an individual designated by the employer after SSA authenticates the company and contact information provided by the individual.

SSA plans to use the IRES in conjunction with SSA's wage reporting processes. It will be used as the gateway for electronic wage reporting and the Online Employee Verification Service. It will also be used when SSA implements additional electronic services such as electronic notices and error information. The PIN will also be used in the AWR diskette process to replace the signature on IRS paper form 6559. SSA has received approval from IRS to use an alternative signature.

Respondents to IRES will be Employers and Submitters who utilize SSA's electronic wage reporting and Online Employee Verification Services.

*Number of respondents:* 250,000.

*Number of Response:* 1.

*Average burden per response:* 2 minutes.

*Estimated Annual Burden:* 8,333 hours.

2. *Psychiatric Review Technique*-0960-0413. The information collected on Form SSA-2506 is needed by SSA to facilitate the adjudication of claims involving mental impairments. The information is used to identify the need for additional evidence in the determination of impairment severity; to consider aspects of mental impairment relevant to the individual's ability to work; and to organize and present the findings in a clear, concise manner. The respondents are State DDS's administering titles II and XVI disability programs.

*Number of Respondents:* 1,005,804.

*Frequency of Response:* 1.

*Average Burden Per Response:* 15 minutes.

*Estimated Annual Burden:* 251,451 hours.

(SSA Address)

Social Security Administration,  
DCFAM, Attn: Frederick W.

Brickenkamp, 1-A-21 Operations  
Bldg., 6401 Security Blvd., Baltimore,  
MD 21235

(OMB Address)

<sup>8</sup> 17 CFR 200.30-3(a)(12).