

Options Floor Trading Committee reserves the right to restrict the use of cellular or cordless telephones by clerks at any time that it is necessary due to capacity or interference problems. For the reasons expressed above regarding telephone usage by market makers and floor brokers, the Commission finds that the proposed restrictions on phone usage by clerks on the floor of the Exchange are reasonable and consistent with the Act.

Proposed Rule 6.2(h)(6) provides that floor managers may use any phone except a Pit Rep or LMM phone,<sup>25</sup> including cordless or cellular phones for any business purpose relating to their management responsibilities. The Exchange represents that, due to the nature of their job and responsibilities on the trading floor, it is important that floor managers be able to use any available phone to effectively carry out their management responsibilities.<sup>26</sup> Based on this representation, the Commission finds this proposed rule reasonable and consistent with the Act.

The Commission supports the Exchange's efforts to codify existing Exchange policies to give its membership adequate notice of what conduct is prohibited. In regulating the PCX options trading floor and devising its structure, the Commission recognizes the PCX's right to restrict, under certain circumstances, the use of telephonic communications devices that are installed on its floor. While supporting the Exchange's efforts to monitor the types of communications that are on its options trading floor and regulate their use, the Commission expects the PCX to ensure that the rule being approved today is not used to limit access to services offered by the Exchange or applied in a manner inconsistent with Sections 6(b)(5)<sup>27</sup> and 6(b)(8)<sup>28</sup> of the Act.<sup>29</sup> Specifically, the Commission expects that proposed Rule 6.2(h) will not be interpreted in a manner that permits unfair discrimination between customers, issuers, brokers, or dealers or imposes any unnecessary or inappropriate burden on competition, or is otherwise used to limit member access to Exchange services.

The Commission believes that the Exchange's proposed changes to its minor rule plan are reasonable and provide fair procedures for

appropriately disciplining members and member organizations for minor rule violations that warrant some type of punitive measure, but for which a full disciplinary hearing would be an inappropriate waste of resources in light of the minor nature of the violation. The Commission notes that violations of the Exchange's telephone policy are objective and easily verifiable, and thus, lend themselves to the use of expedited proceedings. Specifically, the issue of whether a member has improperly used a telephone on the options floor may be determined objectively and adjudicated quickly without complicated evidentiary and interpretive inquiries. The Commission believes that the proposed change to the existing fine schedule is appropriate and should serve to discourage violations of the Exchange's telephone policy on its options trading floor.

The Commission finds good cause for approving Amendment Nos. 2 and 3 to the proposed rule change prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register**. Amendment Nos. 2 and 3 make technical, non-substantive changes to the proposal. As a result, the Commission does not believe that Amendment Nos. 2 and 3 raise any new regulatory issues. Further, the Commission notes that the original proposal was published for the full 21-day comment period and the Commission received no comments regarding the proposal. Accordingly, the Commission believes there is good cause, consistent with Sections 6(b)(5) and 19(b)<sup>30</sup> of the Act, to approve Amendment Nos. 2 and 3 to the Exchange's proposal on an accelerated basis.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning Amendments 2 and 3, including whether the Amendments are 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 above-mentioned exchange. All submissions should refer to File No. SR-PCX-98-30 and should be submitted by April 19, 2000.

#### V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>31</sup> that the proposed rule change (SR-PCX-98-30), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>32</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42564; File No. SR-Phlx-99-46]

### Self-Regulatory Organizations; Order Granting Approval of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to registration of Trading Floor Personnel

March 22, 2000.

#### I. Introduction

On November 19, 1999, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), 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> a proposed rule change to require that all trading floor personnel be registered with the Exchange, trading floor personnel successfully complete specified examinations, and all member/participant organizations notify the Exchange of any change in the status of such personnel.

The proposed rule change was published for comment in the **Federal Register** on February 7, 2000.<sup>3</sup> No comments were received on the proposal. This order approves the proposal.

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

<sup>2</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> Securities Exchange Act Release No. 42365 (January 28, 2000), 65 FR 5922.

<sup>25</sup> See Amendment No. 3, *supra* note 6.

<sup>26</sup> Telephone conversation between Michael D. Pierson, Director, Regulatory Policy, PCX, and David Sieradzki, Special Counsel, Division of Market Regulation, SEC, on March 15, 2000.

<sup>27</sup> 15 U.S.C. 78f(b)(5).

<sup>28</sup> 15 U.S.C. 78f(b)(8).

<sup>29</sup> See e.g., *William J. Higgins*, 48 S.E.C. 713 (1987).

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

## II. Description of the Proposal

The Phlx's proposed new Phlx Rule 620, Trading Floor Registration, requires that all trading floor personnel be registered with the Exchange, trading floor personnel successfully complete specified examinations, and all member/participant organizations notify the Exchange of any change in the status of such personnel. The Exchange also proposed amendments to Regulation 7(b), Required Filing for Floor Member Firm Employee Status Notices with the Exchange, to include members, non-members and clerks, to be consistent with the text of new Phlx Rule 620.<sup>4</sup> The Phlx believes that this will enable the Exchange to monitor more efficiently individuals on the Exchange's trading floors, as well as their current status.

Currently, Regulation 7(b) governs the termination of, or the initiation of change in the trading status of, an employee of a member/participant firm who has been issued an Exchange access card and trading floor badge. New Phlx Rule 620 codifies Regulation 7(b) into a more comprehensive Exchange Rule. Phlx Rule 620(a) sets forth a comprehensive rule that addresses registration, examinations, termination and change in status of trading floor members, which includes floor brokers, specialists, and market makers, including Registered Options Traders on any Exchange trading floor. Phlx Rule 620(b) addresses non-member/clerk registration of all trading floor personnel, including clerks, interns, stock execution clerks and any other associated persons of member/participant organizations who are not required to be registered pursuant to Phlx Rule 620(a).<sup>5</sup>

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, and in particular, with the requirements of Section 6 of the Act.<sup>6</sup> Specifically, the Commission finds that

the proposal is consistent with Sections 6(b)(5)<sup>7</sup> and 6(c)(3)(B)<sup>8</sup> of the Act.

The Commission finds that the proposal to require all floor personnel to be registered with the Exchange and to require all member/participant organizations to notify the Exchange of any change in the status of such personnel is consistent with Section 6(b)(5).<sup>9</sup> The Commission believes that by ensuring that trading floor personnel are properly registered and monitored on an ongoing basis through the notification mechanism, new Phlx Rule 620 promotes just and equitable principles of trade, removes impediments to and perfects the mechanism of a free and open market and a national market system and, in general, protects investors and the public interest in accordance with Section 6(b)(5).<sup>10</sup>

Moreover, the Commission further finds that the proposal is consistent with Section 6(c)(3)(B),<sup>11</sup> which empowers a national securities exchange to examine and verify the qualifications of an applicant to become a person associated with a member in accordance with procedures established by the rules of the exchange, and to require any person associated with a member, or any class of such persons, to be registered with the exchange in accordance with procedures so established. The Phlx's decision to expand its registration/notification requirements to all trading floor personnel, including non-member personnel such as clerks, is fully supported by the right of an Exchange to regulate associated persons pursuant to Section 6(c)(3)(B).<sup>12</sup>

## IV. Conclusion

*It is Therefore Ordered*, pursuant to Section 19(b)(2) of the Act,<sup>13</sup> that the proposed rule change (SR-Phlx-99-46) be and hereby is approved.<sup>14</sup>

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>15</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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

<sup>8</sup> 15 U.S.C. 78f(c)(3)(B).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

<sup>10</sup> *Id.*

<sup>11</sup> 15 U.S.C. 78f(c)(3)(B).

<sup>12</sup> *Id.*

<sup>13</sup> 15 U.S.C. 78s(b)(2).

<sup>14</sup> In approving this rule, the Commission has considered the proposed rule's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

<sup>15</sup> 17 CFR 200.30-3(a)(12).

## DEPARTMENT OF STATE

[Public Notice 3268]

### Culturally Significant Objects Imported for Exhibition Determinations: "Spirits of the Water: Art From Alaska and British Columbia"

**AGENCY:** United States Department of State.

**ACTION:** Notice.

**SUMMARY:** Notice is hereby given of the following determinations: Pursuant to the authority vested in me by the Act of October 19, 1965 (79 Stat. 985, 22 U.S.C. 2459), the Foreign Affairs Reform and Restructuring Act of 1998 (112 Stat. 2681, *et seq.*), Delegation of Authority No. 234 of October 1, 1999, and Delegation of Authority of October 19, 1999, I hereby determine that the objects to be included in the exhibition "Spirits of the Water: Art from Alaska and British Columbia," imported from abroad for the temporary exhibition without profit within the United States, are of cultural significance. These objects are imported pursuant to loan agreements with foreign lenders. I also determine that the exhibition or display of the exhibit objects at the Menil Collection, Houston, Texas, from on or about May 5, 2000 to on or about August 13, 2000 is in the national interest. Public Notice of these Determinations is ordered to be published in the **Federal Register**.

**FOR FURTHER INFORMATION CONTACT:** For further information, including a list of exhibit objects, contact Carol Epstein, Attorney-Adviser, Office of the Legal Adviser, U.S. Department of State (telephone: 202/619-6981). The address is U.S. Department of State, SA-44; 301-4th Street, SW, Room 700, Washington, DC 20547-0001.

Dated: March 22, 2000.

**William B. Bader,**

*Assistant Secretary for Educational and Cultural Affairs, U.S. Department of State.*

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## DEPARTMENT OF TRANSPORTATION

### Coast Guard

[USCG-2000-7096]

### National Boating Safety Advisory Council

**AGENCY:** Coast Guard, DOT.

**ACTION:** Notice of meetings.

**SUMMARY:** The National Boating Safety Advisory Council (NBSAC) and its

<sup>4</sup> Regulation 7 was enacted pursuant to Phlx Rule 60, Assessments for Breach of Regulations. See Securities Exchange Act Release No. 27629 (January 16, 1990), 55 FR 2469 (January 24, 1990) (SR-Phlx-90-01).

<sup>5</sup> The Exchange presently requires the completion of forms and procedures for registering new floor members pursuant to various Phlx Rules, including Rule 202, Registrant (Specialist); Rule 214, Violations of Rules (Specialist); Rule 604, Registration and Termination of Registered Person; Rule 623, Fingerprinting; Rule 1020, Registration and Functions of Options Specialists; Rule 1014, Obligations and Restrictions Applicable to Specialists and Registered Options Traders; and Rule 1061, Registration of Floor Brokers.

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