

shares; and (4) no fee will be charged to a member who receives an execution in SOES or NNMS.

## 2. Statutory Basis

Nasdaq believes the proposed rule change is consistent with section 15A(b)(5)<sup>11</sup> of the Act, which requires that the rules of the NASD provide for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which the NASD operates or controls.

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

Nasdaq believes that the proposed rule change will not 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*

Comments were neither solicited nor received on the proposed rule change.

## III. 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 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 NASD. All submissions should refer to File No. SR-NASD-2001-31 and should be submitted by June 14, 2001.

## IV. Commission's Findings and Order Granting Accelerated Approval of the Proposed Rule Change

After careful review, 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 association, and, in particular, the requirements of section 15A of the Act.<sup>12</sup> Specifically the Commission finds that the proposal is consistent with section 15A(b)(5) of the Act, which requires that the rules of a national securities association provide for the equitable allocation of reasonable dues, fees and charges among members and issuers and other persons using any facility or system which the association operates or controls.<sup>13</sup>

The Commission notes that the pilot program provided in NASD Rule 7010(i), which establishes reduced fees for members who enter directed SelectNet orders, was implemented in February 1998<sup>14</sup> and was most recently extended through March 31, 2001.<sup>15</sup>

The Commission finds that it is consistent with the Act to permit retroactive application of the pilot program from the expiration of the current pilot program and to extend the pilot program through March 31, 2002, or the Implementation Date, whichever is sooner, to allow market participants to continue to receive the benefit of the reduced Select Net fees provided under the pilot program.

The Commission finds good cause for approving the proposed rule change prior to the 30th day after the date of publication of notice thereof in the **Federal Register**.<sup>16</sup> Specifically, the Commission notes that accelerated approval of the proposal will allow the pilot program to continue without interruption. Accordingly, the Commission finds that it is consistent with sections 15A(b)(5)<sup>17</sup> and 19(b)<sup>18</sup> of the Act to approve the proposal on an accelerated basis.

## V. Conclusion

*It is Therefore Ordered*, pursuant to Section 19(b)(2) of the Act,<sup>19</sup> that the proposed rule change (SR-NASD-2001-31), as amended, is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>20</sup>

**Jonathan G. Katz,**  
*Secretary.*

[FR Doc. 01-13162 Filed 5-23-01; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44311; File No. SR-Phlx-2001-52]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc., Relating to an Interim Intermarket Linkage Program

May 16, 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 14, 2001, 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 self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule changes 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 under the Act, proposes to adopt a rule authorizing implementation of "interim linkages" with the other options exchanges.<sup>3</sup>

#### II. Self-Regulatory Organization's Statement of the Propose 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. The text of these statements may be examined at

<sup>20</sup> 17 CFR 200.30-2(a)(12).

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

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

<sup>3</sup> On January 30, 2001, the Commission approved similar proposals submitted by the Chicago Board Options Exchange, Inc. ("CBOE") and the International Securities Exchange LLC ("ISE"). See Securities Exchange Act Release No. 43904 (January 30, 2001), 66 FR 9112 (February 6, 2001). On February 20, 2001, the Commission issued a notice of filing and immediate effectiveness of a similar proposal submitted by the Pacific Exchange, Inc. ("PCX"). See Securities Exchange Act Release No. 43986 (February 20, 2001), 66 FR 12578 (February 27, 2001).

<sup>12</sup> 15 U.S.C. 78o-3.

<sup>13</sup> 15 U.S.C. 78o-3(b)(5).

<sup>14</sup> See 1998 Notice, *supra* note 6.

<sup>15</sup> See June 30 Notice, *supra* note 4.

<sup>16</sup> In approving this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f)

<sup>17</sup> 15 U.S.C. 78o-3(b)(5).

<sup>18</sup> 15 U.S.C. 78s(b).

<sup>19</sup> 15 U.S.C. 78s(b)(2).

<sup>11</sup> 15 U.S.C. 78o-3(b)(5).

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

The purpose of the proposed rule change is to implement certain aspects of an intermarket options linkage on an "interim" basis. The interim linkage would utilize existing market infrastructure to facilitate the sending and receiving of order flow between Phlx Specialists and later, Registered Options Traders, and their counterparts on the other options exchanges as an interim step towards development of a "permanent" linkage. The Exchange proposes that the interim linkage would be in effect on a pilot basis until January 31, 2002.

By way of background, the Commission has approved a linkage plan that now includes all five options exchanges.<sup>4</sup> The options exchanges continue to work towards implementation of this linkage, which include contracting with a third party to build a linkage infrastructure. Since this will take a significant amount of time, the options exchanges have discussed implementing an "interim" linkage. Such a linkage would use the existing market infrastructure to route orders between market makers on the participating exchanges in a more efficient manner.

The key component of the interim linkage would be the participating exchanges opening their automated customer execution systems, on a limited basis, to market maker orders. Specifically, market makers, such as Phlx Specialists and later Registered Options Traders, would be able to designate certain orders as "customer" orders, and thus, would receive execution under the automatic execution parameters of participating exchanges pursuant to the interim linkage.<sup>5</sup>

This proposed rule would authorize the Phlx to implement bilateral or multilateral interim arrangements with

the other exchanges to provide for equal access between market makers on our respective exchanges. The Exchange currently anticipates that initial arrangements would allow Phlx Specialists and their equivalents on the other exchanges, when they are holding customer orders, to send orders reflecting the customer orders to the other market for execution when the other market has a better quote. Such orders would be limited in size to the lesser of the size of the two markets' "firm" quotes for customer orders. The Exchange expects that the interim linkage may expand to include limited access for pure principal orders of no more than 10 contracts.

Under the proposed rule, all interim linkage orders must be "immediate or cancel" (that is, they cannot be placed on an exchange's limit order book), and a market maker can send a linkage order only when the other (receiving) market is displaying the best national bid or offer and the sending market is displaying an inferior price. This should allow a Phlx Specialist to access the better price for its customer. In addition, if the interim linkage includes principal orders, it would allow market makers to attempt to "clear" another market displaying a superior quote. Any exchange participating in the interim linkage will implement heightened surveillance procedures to help ensure that their respective market makers send only properly-qualified orders through the interim linkage.

Phlx Specialist' participation in the interim linkage will be voluntary. Only when a Phlx Specialist and their equivalent on another exchange believe that this form of mutual access would be advantageous will the exchanges employ the interim linkage procedures. The Exchange believes that the interim linkage should benefit investors and should provide useful experience to help the exchanges in implementing the full linkage.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with section 6(b) of the Act<sup>6</sup> in general and furthers the objectives of section 6(b)(5)<sup>7</sup> in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to

remove impediments to and perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest.

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

The Phlx 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 neither solicited nor received.

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

The proposed rule change has been filed by the Exchange as a "non-controversial" rule change pursuant to section 19(b)(3)(A) of the Act<sup>8</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>9</sup> Because the foregoing proposed rule change: (i) Does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; provided that the Exchange has given the Commission written notice of its intent to file the proposed rule change at least five business days prior to the filing date of the proposed rule change, it has become effective pursuant to section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6).

The Exchange has requested that the Commission waive the 5-day pre-filing requirement and accelerate the operative date of the proposal. The Commission finds that it is appropriate to accelerate the operative date of the proposal and designate the proposal to become operative today.<sup>10</sup>

The Commission finds good cause for waiving the 5-day pre-filing requirement and accelerating the operative date of the proposed rule change. The Commission notes that it has approved similar proposals filed by the ISE and the CBOE.<sup>11</sup> Acceleration of the

<sup>4</sup> See Securities Exchange Act Release Nos. 43086 (July 28, 2000), 65 FR 48023 (August 4, 2000); 43573 (November 16, 2000), 65 FR 70851 (November 28, 2000); and 43574 (November 16, 2000), 65 FR 70850 (November 28, 2000).

<sup>5</sup> As with other orders that are executed under the automatic execution parameters of the Exchange, when a limit order constitutes the Exchange's best bid or offer, the specialist executes the incoming order against that order.

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

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

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f)(6).

<sup>10</sup> For purposes only of accelerating the operative date of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>11</sup> See note 4, *supra*.

operative date should enable investors effecting transactions on the Phlx to obtain better prices displayed on other exchanges and thus, is consistent with section 6(b)(5) of the Act.<sup>12</sup>

At any time within 60 days of the filing of the proposed rule change, 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 Act.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 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 SR-Phlx-2001-52 and should be submitted by June 14, 2001.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>13</sup>

**Jonathan G. Katz,**  
Secretary.

[FR Doc. 01-13161 Filed 5-23-01; 8:45 am]

**BILLING CODE 8010-01-M**

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#### DEPARTMENT OF STATE

[Public Notice 3676]

##### Culturally Significant Objects Imported for Exhibition Determinations: "Eternal Egypt: Masterworks of Ancient Art From the British Museum"

**AGENCY:** Department of State.

**ACTION:** Notice; correction.

**SUMMARY:** On August 24, 2000, Notice was published on page 52804 of the **Federal Register** (Volume 65, Number

169) by the Department of State pursuant to Pub. L. 89-259 relating to the exhibit "Eternal Egypt: Masterworks of Ancient Art from the British Museum." The referenced Notice is corrected as follows. In the **SUMMARY** after "July 7, 2002," add the following additional venue: "The Fine Arts Museums of San Francisco, CA, California Palace of the Legion of Honor, from on or about August 10, 2002, to on or about November 3, 2002,"

**FOR FURTHER INFORMATION CONTACT:** For further information, including a list of exhibit objects, contact Jacqueline Caldwell, Attorney-Adviser, Office of the Legal Adviser, U.S. Department of State (telephone: 202/619-6982). The address is U.S. Department of State, SA-44, 301 4th Street, SW., Room 700, Washington, DC 20547-0001.

Dated: May 16, 2001.

**Helena Kane Finn,**

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

[FR Doc. 01-13151 Filed 5-23-01; 8:45 am]

**BILLING CODE 4710-08-P**

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#### DEPARTMENT OF STATE

[Public Notice 3674]

##### Culturally Significant Objects Imported for Exhibition Determinations: "Picasso: The Artist's Studio"

**AGENCY:** 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 No. 236 of October 19, 1999, as amended, I hereby determine that the objects to be included in the exhibition "Picasso: The Artist's Studio," imported from abroad for the temporary exhibition without profit within the United States, are of cultural significance. The objects are imported pursuant to loan agreements with the foreign lenders. I also determine that the exhibition or display of the exhibit objects at the Wadsworth Atheneum in Hartford, CT from on or about June 7, 2001 to on or about September 23, 2001, and at The Cleveland Museum of Art, Cleveland, OH from on or about October 28, 2001 to on or about January 6, 2002, 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 the exhibit objects, contact Paul W. Manning, Attorney-Adviser, Office of the Legal Adviser, U.S. Department of State (telephone: 202/619-5997). The address is U.S. Department of State, SA-44, 301 4th Street, SW., Room 700, Washington, DC 20547-0001.

Dated: May 16, 2001.

**Helena Kane Finn,**

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

[FR Doc. 01-13149 Filed 5-23-01; 8:45 am]

**BILLING CODE 4710-08-P**

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#### DEPARTMENT OF STATE

[Public Notice 3675]

##### Culturally Significant Objects Imported for Exhibition Determinations: "Syria: Land of Civilization"

**AGENCY:** 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 No. 236 of October 19, 1999, as amended, I hereby determine that the objects to be included in the exhibition "Syria: Land of Civilization," imported from abroad for the temporary exhibition without profit within the United States, are of cultural significance. The objects are imported pursuant to a loan agreement with the foreign lender. I also determine that the exhibition or display of the exhibit objects at the Riverfront Arts Center in Wilmington, DE from on or about July 14, 2001 to on or about October 21, 2001 and at the Fernbank Museum of Natural History, Atlanta, GA, from on or about February 15, 2002 to on or about May 20, 2002 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 the 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.

<sup>12</sup> 15 U.S.C. 78f(b)(5).

<sup>13</sup> 17 CFR 200.30-3(a)(12).