

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹²

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44513; File No. SR-Phlx-2001-22]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Regarding Members' and Member Organizations' Duty To File Form U-5 With the Exchange

July 3, 2001.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on April 17, 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 and II, below, which Items have been prepared by the self-regulatory organization ("SRO"). On June 5, 2001, the Exchange filed Amendment No. 1 to the proposal.³ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and to grant accelerated approval to the proposed rule change.

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 Exchange Rule 604 ("Registration and Termination of Registered Persons"), paragraphs (b) and (d), to provide that members and member organizations whose Designated Examining Authority ("DEA") is the Phlx must file Form U-5 ("Uniform Termination Notice for Securities Industry Registration") with the Phlx. The following is the text of the proposal:

(Italics represents additions; brackets represent deletions.)

* * * * *

Rule 604. Registration and Termination of Registered Persons

(a) Unchanged.

(b) Members and member organizations whose *Designated Examining Authority* ("DEA") is the Exchange shall immediately file a Form U-5, Uniform Termination Notice for Securities Industry Representatives and/or Agents [to the CRD] *with the Exchange* upon termination of any associated person. *Members and member organizations whose DEA is not the Exchange shall file Form U-5 with the CRD.*

(c) Unchanged.

(d) Every person who is compensated directly or indirectly by a member or participant organization for which the Exchange is the [Designated Examining Authority ("DEA")] for the solicitation or handling of business in securities, including trading securities for the account of the member or participant organization, whether such securities are those dealt in on the Exchange or those dealt in over-the-counter, who is not otherwise required to register with the Exchange by paragraph (a) of this rule or another rule shall file Form U-4, Uniform Application for Securities Industry Registration or Transfer, with the Exchange.

(e) Unchanged.

II. Self-Regulatory Organization's Statement of the Purpose of, and the 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 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 III below. The Exchange has prepared summaries, set forth in sections A, B, 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 provide that members and member organizations whose DEA is the Exchange must file Form U-5, regarding termination of securities industry representatives and/or agents, with the Exchange.⁴

⁴ The proposed amendment pertains only to members and member organizations whose DEA is the Exchange. The general requirement that termination documentation be filed with the Central Registration Depository ("CRD"), in accordance with the provisions of Rule 604(b), remains in effect for all other members and member organizations.

Pursuant to section 17(d) of the Act,⁵ the Commission may "allocate among self-regulatory organizations the authority to adopt rules with respect to matters as to which, in the absence of such allocations, such self-regulatory organizations share authority under this title."⁶ A DEA is the SRO that is responsible for examining compliance with certain federal securities laws, as well as the SRO's rules.

Currently, Phlx acts as the DEA for approximately 150 of its members and member organizations. As the DEA, Phlx regularly reviews books and records regarding the financial condition of members and member organizations, as well as trading reports and trader registration information. Rule 604(a) requires that all qualified Registered Representatives of Phlx members or participant organizations (and persons conducting functions customarily performed by a Registered Representative) register with the Exchange. Paragraph (d) requires that Form U-4 ("Uniform Application for Securities Industry Registration or Transfer") be filed with the Exchange by every person who is compensated for certain securities-related business by a member or participant organization whose DEA is Phlx. Currently, the rule requires that Form U-5 be filed with the CRD, with most members and member organizations filing with the Exchange as well. Because the rule is silent on the filing with the Exchange, it is especially important to state expressly in Phlx rules that Form U-5 must be filed with the Exchange. The proposed amendment will state in the rules the requirement that Form U-5 be filed with the Exchange upon termination of the above business relationships. Although the Exchange is presently exploring the possibility to secure a Web CRD connection for its members, it is the Exchange's belief that the proposed rule change is still necessary until such connection becomes available, in order to reflect current practice and to aid in the enforcement of the Form U-5 filing requirements.⁷

2. Statutory Basis

The Exchange believes that its proposal is consistent with section 6(b) of the Act⁸ in general, and furthers the objectives of section 6(b)(5)⁹ in particular in that it should promote just and equitable principles of trade, by requiring direct Exchange notification of

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See letter from Diana Tenenbaum, Counsel, Phlx, to Nancy Sanow, Assistant Director, Division of Market Regulation, Commission, dated May 31, 2001 ("Amendment No. 1"). In Amendment No. 1, the Exchange deleted a representation regarding the ability of Phlx members to access Web CRD, and added a sentence explaining the Exchange's current efforts to secure a connection to Web CRD.

⁵ 15 U.S.C. 78q(d).

⁶ 15 U.S.C. 78q(d).

⁷ See Amendment No. 1, *supra* note 3.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

termination from all members and member organizations for whom the Phlx is the DEA. In addition, the proposed amendment should protect investors and the public interest by providing an efficient and promptly updated source of information—the DEA—regarding representatives or agents of members and member organizations who are no longer empowered to act on the member's behalf. Furthermore, the proposed rule amendment is consistent with the provisions of section 6(b)(7) of the Act,¹⁰ in that it helps provide a fair procedure for terminated persons.

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

The Exchange 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

No written comments were either solicited or received.

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 Phlx. All submissions should refer to File No. SR-Phlx-2001-22 and should be submitted by August 1, 2001.

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

The Commission has reviewed carefully the Phlx's proposed rule

change and finds, for the reasons set forth below, the proposal is consistent with the requirements of section 6 of the Act¹¹ and the rules and regulations thereunder applicable to a national securities exchange. Specifically, the Commission finds that the proposal is consistent with section 6(b)(5)¹² because it should ensure that information regarding representatives or agents of members and member organizations for whom the Phlx is the DEA and who are no longer empowered to act on the member's behalf is provided to the Exchange. In this regard, the Commission believes that the proposed rule change will facilitate the Exchange's oversight of its members and member organizations in accordance with its self-regulatory obligations prescribed in the Act.

The Commission finds good cause 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 it is important to revise the current Exchange rule to require members to file Form U-5 with the Exchange to ensure that, until a link is established with the NASD to allow members for whom the Phlx is the DEA to access Web CRD, these forms continue to be routinely and promptly filed by members. The Commission believes that it is important for the protection of investors that until members can access Web CRD, this information is collected and maintained by the Exchange.

It Is Therefore Ordered, pursuant to section 19(b)(2) of the Act,¹³ that the proposed rule change, as amended, is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Margaret H. McFarland,

Deputy Secretary.

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¹¹ 15 U.S.C. 78f. In approving this rule change, the Commission noted that it has considered the proposal's impact on efficiency, competition, and capital formation, consistent with Section 4 of the Act. *Id.* at 78c(f).

¹² 15 U.S.C. 78f(b)(5).

¹³ 15 U.S.C. 78sf(b)(2).

¹⁴ 17 CFR 200.30-3(a)(12).

DEPARTMENT OF TRANSPORTATION

Coast Guard

[USCG-2001-10062]

The National Ballast Water Management Program

AGENCY: Coast Guard, DOT.

ACTION: Notice of meetings; request for comments.

SUMMARY: As directed by the National Invasive Species Act of 1996 [NISA], the Coast Guard seeks consultation with all interested and affected parties before making recommendations to Congress on the future of the national Ballast Water Management program. To accomplish this, the Coast Guard will host four regional public meetings to expand the opportunity for public input into the national program. We seek comments from any interested or affected party and encourage all interested parties to attend the meetings.

DATES: The public meetings will be held on the following dates in the cities listed:

West Coast: Oakland, CA—August 28, 2001.

Gulf Coast: Houston, TX—September 6, 2001.

Great Lakes: Ann Arbor, MI—September 11, 2001.

East Coast: Washington, DC—September 18, 2001.

With the exception of the Houston meeting, which will begin at 9:00 a.m., all meetings will begin at 9:30 a.m. and will end when business has been completed. Other comments must reach the Docket Management Facility on or before September 30, 2001.

ADDRESSES: The Coast Guard will hold the meetings at the following locations:

Oakland, CA: Gresham Conference Center, Coast Guard Island, Alameda, CA 94501, 510-437-3573

Houston, TX: Hilton Houston Hobby Airport, 8181 Airport Blvd, Houston, TX 77061, 713-645-3000

Ann Arbor, MI: Holiday Inn, North Campus, 3600 Plymouth Rd, Ann Arbor, MI 48105, 734-769-9800

Washington, DC: Nassif Building, 400 7th Street SW, Rooms 8236-8240, Washington, DC 20590, 202-366-0135

You may submit your comments directly to the Docket Management Facility. To make sure that your comments and related material are not entered more than once in the docket [USCG-2001-10062], please submit them by only one of the following means:

(1) By mail to the Facility, U.S. Department of Transportation, room PL-

¹⁰ 15 U.S.C. 78f(b)(7).