

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 the Exchange's schedule of dues, fees, and charges to include a fee for trading post space that includes a kiosk.

During the past few years, at a considerable cost to the Exchange, the Exchange has constructed kiosks on its options trading floor to facilitate specialist interaction with the trading crowd by allowing them to directly face the trading crowd.⁵ The proposed fee would help to offset the expense incurred in constructing these kiosks.

The proposed fee will be implemented beginning September 1, 2001.⁶ In the case of a newly constructed kiosk, the fee will commence in the first full calendar month after construction is completed.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with section 6(b) of the Act,⁷ in general, and furthers the objectives of Section 6(b)(4),⁸ in particular, in that it is an equitable allocation of reasonable fees among the Exchange's members because the members who pay the additional amount for the kiosks incur the benefit of using the kiosks.

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

The Exchange has designated the proposed rule change as a fee change pursuant to section 19(b)(3)(A)(ii) of the

Act⁹ and Rule 19b-4(f)(2) thereunder.¹⁰ Accordingly, the proposal will take effect upon filing with the Commission. 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 purposes of the Act.

IV. 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-2001-80 and should be submitted by September 20, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44742; File No. SR-Phlx-2001-77]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. to Amend Exchange Rule 625, Trading Floor Training, Equity Floor Procedure Advice F-30, and Options Floor Procedure Advice F-30

August 23, 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 August 9, 2001, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Phlx. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Phlx proposes to amend Phlx Rule 625 ("Trading Floor Training"), Equity Floor Procedure Advice F-30, and Options Floor Procedure Advice F-30 (collectively referred to as "Advice F-30")³ to allow the Exchange to require from time to time its members and their respective personnel to attend mandatory training sessions related to conduct, health and safety on the Exchange's equity and options trading floors (collectively referred to as "trading floor"). The Phlx also proposes to amend the fine schedule in Equity Floor Procedure Advice F-30 so that it is consistent with the fine schedule in the corresponding Options Floor

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Advice F-30 and the accompanying fine schedules are part of the Exchange's minor rule violation and reporting plan ("minor rule plan"). The Exchange's minor rule plan, codified in Phlx Rule 970 ("Floor Procedure Advices: Violations, Penalties, and Procedures") contains floor procedure advices with accompanying fine schedules such that a minor rule violation and reporting plan citation could be issued. Rule 19d-1(c)(2) under the Act authorizes national securities exchanges to adopt minor rule violation plans for summary discipline and abbreviated reporting. 17 CFR 240.19d-1(c)(2). Rule 19d-1(c)(1) under the Act requires prompt filing with the Commission of any final disciplinary actions. 17 CFR 240.19d-1(c)(1). However, minor rule violations not exceeding \$2,500 are deemed not final, thereby permitting periodic, as opposed to immediate, reporting.

⁵ The decision to construct a kiosk at a particular post is solely within the Exchange's discretion.

⁶ This fee is eligible for the monthly credit of up to \$1,000 to be applied against certain fees, dues, and charges and other amounts owed to the Exchange by certain members. See Securities Exchange Act Release No. 44292 (May 11, 2001), 66 FR 27715 (May 18, 2001) (SR-Phlx-2001-49).

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(4).

⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁰ 17 CFR 240.19b-4(f)(2).

¹¹ 17 CFR 200.30-3(a)(12).

Procedure Advice.⁴ The text of the proposed rule change is available at the Office of the Secretary, the Phlx and the Commission.

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 Phlx Rule 625 ("Trading Floor Training") and Advice F-30 to allow the Exchange to require from time to time its members and their respective personnel to attend mandatory training sessions related to conduct, health and safety on the Exchange's trading floor. The Phlx also proposes to amend the fine schedule in Equity Floor Procedure Advice F-30 so that it is consistent with the fine schedule in the corresponding Options Floor Procedure Advice.⁵

In 1999, the Exchange adopted Phlx Rule 625 and Advice F-30, which relate to trading floor training. Phlx Rule 625 and Advice F-30 currently focus primarily on instructing members and their respective personnel on changes in automated systems or new technology that is utilized by the Exchange.

The Phlx believes that the proposed amendment would allow the Exchange also to require its members and their respective personnel to attend mandatory training sessions related to

conduct, health and safety on the Exchange's trading floor.

The Phlx believes that conducting training sessions related to conduct, health and safety on the trading floor should promote a safer work environment and inform its members and their respective personnel of important issues related to the Exchange's trading floor. The Phlx is cognizant of the time demands that are placed on its members, and therefore intends to provide notice and schedule such training sessions only as it deems necessary and appropriate.

Additionally, the Phlx proposes to amend the fine schedule for Equity Floor Procedure Advice F-30 to make it consistent with the corresponding fine schedule in Options Floor Procedure Advice F-30.

2. Statutory Basis

The Phlx believes that the proposal is consistent with section 6 of the Act,⁶ in general, and section 6(b)(5) of the Act,⁷ in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest. In addition, the Phlx believes that the proposal is consistent with section 6(b)(4) of the Act⁸ in that it provides for the equitable allocation of reasonable dues, fees and other charges among its members by conforming the fine schedules that appear in Advice F-30.

Moreover, the Phlx believes that mandatory training for equity and options floor members is consistent with the provisions of section 6(c)(3)(B) of the Act,⁹ which makes it the responsibility of an exchange to prescribe standards of training, experience, and competence for persons associated with self-regulatory organization members.

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 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 Phlx 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 publication of this notice in the **Federal 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 such 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 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-2001-77 and should be submitted by September 20, 2001.

For the Commission, by the Division of Market Regulation, pursuant to the delegated authority.¹⁰

Margaret H. McFarland,
Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3360]

State of Florida

Martin County and the contiguous counties of Okeechobee, Palm Beach and St. Lucie in the State of Florida constitute a disaster area due to

⁴ The fine schedule applicable to Options Floor Procedure Advice F-30 was recently amended. See Securities Exchange Act Release No. 44537 (July 11, 2001), 66 FR 37511 (July 18, 2001) (order approving SR-Phlx-2001-36).

⁵ The Phlx Fine Schedule allows for a fine to be implemented on a three-year running calendar basis. The term "three-year running calendar basis" means that the Exchange will impose sanctions on a three-year running cycle, by which a violation of the training requirements which occurs within three years of the first violation of the training requirements, will be treated as a second occurrence, and any subsequent violation within three years of the previous violation of the training requirements will be subject to the next highest sanction specified in the Fine Schedule.

⁶ 15 U.S.C. 78f.

⁷ 15 U.S.C. 78f(b)(5).

⁸ 15 U.S.C. 78f(b)(4).

⁹ 15 U.S.C. 78f(c)(3)(B).

¹⁰ 17 CFR 200.30-3(a)(12).