

of Amendment No. 1 to the proposed rule change.

VI. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning Amendment No. 1, including whether Amendment No. 1 is consistent with the Act. 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 NYSE. All submissions should refer to File No. SR-NYSE-00-36 and should be submitted by December 26, 2000.

VII. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²⁶ that the proposed rule change (SR-NYSE-00-36), as amended, is approved through September 1, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²⁷

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 00-30721 Filed 12-1-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43619; File No. SR-PCX-00-44]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Pacific Exchange, Inc. Relating to Committee Voting Requirements

November 27, 2000.

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 November

20, 2000, the Pacific Exchange, Inc. ("PCX" 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 Exchange. 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 PCX is proposing to amend PCX Rule 11.2(a) to replace the word "present" with the word "voting" to allow committee action to be approved by a majority of those voting at a meeting at which a quorum has been established. Below is the complete text of the proposed rule change. Proposed new text is in *italics*. Proposed deletions are in [brackets].

* * * * *

Pacific Exchange, Inc.

Constitution and Rules

* * * * *

Rule 11

Committees of the Exchange

¶6233 Committee Procedures

Rule 11.2(a). Except as otherwise provided in the Constitution, the Rules, or a resolution of the Board, each committee shall determine its own time and manner of conducting its meetings. The vote of a majority of the members of a committee [present] *voting* at a meeting at which a quorum is present shall be the act of the committee. Committees may act by written consent of a majority of the members of the committee.

(b) No change.

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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 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 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

Currently, the PCX's Board of Governors and the Exchange's standing committees operate under different voting standards. The voting standard applied to committees is more restrictive than that applied to the Board of Governors. The standard for committee voting is set by PCX Rule 11.2(a) which states that "the vote of a majority of the members of a committee present at a meeting at which a quorum is present shall be the act of the committee." This differs from the voting requirement for the Board of Governors which may act upon the affirmative vote of "not less than a majority of the Governors voting at a meeting at which a quorum is present * * *"³ This section allows the Board of Governors to act on the majority vote of the Governors voting, regardless of whether the number of Governors recusing or abstaining reduces the number of those eligible to vote below a quorum, below a majority of the Governors attending or below a majority of the total number of Governors on the Board.

Unlike Section 1(a), PCX Rule 11.2(a) requires a vote of a majority of committee members present at the meeting, rather than a mere majority of those voting. The PCX believes that Rule 11.2(a) should be amended to make it consistent with the requirements set forth for the PCX Board of Governors. Recent changes in the ownership of, or capital investment in, many PCX member firms has increased the number of instances in which committee members must abstain or recuse from a committee vote. This may delay or preclude a committee from taking action, thereby reducing the responsiveness of a committee to rapidly changing market conditions and limiting overall committee effectiveness.

The proposed rule change conforms the committee voting standard to that applied to the PCX Board of Governors. The rule change will allow for greater committee responsiveness, improved timing for committee actions, and consistency across the Exchange with respect to rules of order.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6 of the Act,⁴ in general, and furthers the objectives of Section

²⁶ 15 U.S.C. 78s(b)(2).

²⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ PCX Constitution, Article II, Section 1(a).

⁴ 15 U.S.C. 78f.

6(b)(5)⁵, in particular, in that it is designed to promote just and equitable principles of trade.

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

The Exchange does not believe that the proposed rule change will 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

Written comments on the proposed rule change were neither solicited nor received.

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

The foregoing rule change has become effective pursuant to section 19(b)(3)(A)⁶ of the Securities Exchange Act of 1934 and subparagraph (f)(3) of Securities Exchange Act Rule 19b-4 thereunder⁷ because it is concerned solely with the administration of the Exchange. At any time within 60 days of this filing, the Commission may summarily abrogate this 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, 450 Fifth Street, NW., Washington, DC. Copies of such filing

will also be available for inspection and copying at the principal office of the PCX. All submissions should refer to File No. SR-PCX-00-44 and should be submitted by December 26, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-30720 Filed 12-1-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43623; File No. SR-PCX-00-04]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Pacific Exchange, Inc. Relating to Buy-Writes & Book Priority

November 27, 2000.

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 March 3, 2000, the Pacific Exchange, Inc. ("PCX" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. 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 Exchange is proposing to amend its rules to facilitate the execution of stock/option orders on the Exchange. Below is the text of the proposed rule change. Proposed new language is *italicized* and proposed deletions are in [brackets].

* * * * *

¶ 5139 Priority of Bids and Offers

Rule 6.75. Except as provided by Rule 6.76 below, the following rules of priority shall be observed with respect to bids and offers:

(a)-(c) No change.

(d) Notwithstanding anything in paragraphs (a) and (b) to the contrary, when a member *is* holding a spread order, a straddle order, or a combination order, *or stock/option order and is* bidding or offering on the basis of a total credit or debit for the order *and has*

determined that the order may not be executed by a combination of transactions with or within the bids and offers displayed by the Order Book Official or other members, in procedures determined by the Options Floor Trading Committee, then the order may be executed as a spread, straddle, or combination, *or stock/option order* at the total credit or debit with one or more members without giving priority to bids or offers for the individual option series of the Order Book Official or of other members at the post that are no better than the bids or offers comprising such total credit or debit.

Commentary: .01-.03—No change.

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 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 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 Exchange's priority rules for options provide, in general, that the highest bids and lowest offers have priority over other bids and offers, except that orders in the Limit Order Book have priority over other bids and offers at the same price.³ The rules further provide if there are two or more bids (or offers) representing the highest bid (or lowest offer), and no orders in the Limit Order Book are involved, then priority is afforded to those bids (or offers) in the sequence in which they were made.⁴ PCX Rule 6.75(d) currently allows three exceptions to the priority rules with respect to "spread orders,"⁵ "straddle orders,"⁶ and "combination

³ See PCX Rules 6.75(a)-(b).

⁴ *Id.*

⁵ A "spread order" is an order to buy a stated number of option contracts and to sell the same number of contracts (or contracts representing the same number of shares of the underlying security) of the same class of options. See PCX Rule 6.62(d).

⁶ A "straddle order" is an order to buy or to sell the same number of options of each type with respect to the same underlying security and having the same exercise price and expiration date (e.g., an

Continued

⁵ 15 U.S.C. 78f(b)(5).

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 17 CFR 240.19b-4(f)(3).

⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.