lender'' field in the clearing member's DTC account, leaving the clearing member in the same position as if it had been able to pledge the securities to the lender without OCC's intermediation.

Upon allowing securities to be withdrawn and pledged under the program, OCC will reduce its margin requirement in the account from which the secruties were withdrawn by an amount equal to the value assigned to the securities for margin purposes. The account will, however, be required to be fully margined the next morning.

Initially, clearing members will be permitted to withdraw and pledge securities held by OCC as margin only on settlement dates for exercises of expiring equity options. OCC may at a future date decide to make the program available on other exercise settlement dates as well.

*3. Timing*

Historically, the heaviest volume of option expirations and hence exercises occurs in January. In January 2000, 26,099,346 option contracts expired, accounting for 41.9% of total open interest. Open interest as of November 21, 2000, included 26,378,070 contracts expiring in January 2001 (43.2% of total open interest). OCC believes that it is important to have the new program in place in time for the January 2001 expiration to help relieve potential strains on liquidity resulting from the large volume of exercise activity expected to occur at that time.

## II. Discussion

Section 17A(b)(3)(F) [9] of the Act requires that the rules of a clearing agency be designed to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. For the reasons set forth below, the Commission believes that OCC's proposed rule change is consistent with OCC's obligations under the Act.

The central purpose of the rule change is to allow a clearing member to use assets that it has deposited with OCC as margin for pending assignments to settle and to finance settlement of those assignments. The rule change should relieve clearing members from the responsibility of finding other sources of financing that could strain some clearing members' liquidity in months with heavy exercise and assignment activity. The Commission believes that OCC's program by which clearing members will withdraw and pledge securities that are deposited with OCC as margin and by which OCC in return will receive loans from DTC participant lenders is a safe and acceptable method by which clearing members' will finance their settlement obligations at NSCC. Accordingly, the Commission finds that OCC's program satisfies OCC's obligations to assure the safeguarding of securities and funds which are in the custody or control of OCC or for which it is responsible.

OCC has requested that the Commission find good cause for approving the proposed rule change prior to the thirty day after publication of the notice of filing. The Commission finds good cause for approving the proposed rule change prior to the thirty day after publication of the notice of filing because accelerated approval will permit OCC to implement its program before the January 2001 expiration.

## III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A of the Act and the rules and regulations thereunder.

*It Is Therefore Ordered,* pursuant to section 19(b)(2) of the Act, that the proposed rule change (File No. SR–OCC–00–12) be and hereby is approved.

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

**Jonathan G. Katz,**

*Secretary.*

[FR Doc. 01–1653 Filed 1–19–01; 8:45 am]

**BILLING CODE 8010–01–M**

[9] 15 U.S.C. 78q–1(b)(3)(F).

[10] 17 CFR 200.30–3(a)(12).

---

## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34–43836; File No. SR–PCX–00–33]**

## Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Pacific Exchange, Inc. Relating to Use of Telephones on the Options Trading Floor

January 11, 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 September 1,2000, the Pacific Exchange, Inc. (''PCX'' 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 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 proposes to amend and codify its policy governing the use of member-owned or Exchange-owned telephones on the trading floor with respect to communications at option trading posts. The text of the proposed rule change is available at the PCX and at 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 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, 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

According to the PCX, the purpose of the proposed rule change is to expand the existing PCX policy governing the use of telephones at option trading posts to allow the receipt of orders over outside telephone lines at option trading posts. The proposed rule would generally allow for the receipt of orders directly at the post over outside telephone lines only when the order(s) is placed during *outgoing* telephone calls. Registered Exchange Market Makers, however, may transmit orders directly to the trading post.

Under the proposed rule change, the use of telephones at the option posts must comply with the requirements and conditions set forth in proposed Rule 6.2(h)(3). This proposed rule would provide that: (A) only those quotations that have been publicly disseminated pursuant to PCX Rule 6.73 may be provided over telephones at the post; (B) orders transmitted by registered Exchange Market Makers may be entered directly to the trading posts; all other orders may be entered directly to

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

the trading posts only during outgoing telephone calls that are initiated at the option posts; and (C) the Exchange may provide for the taping of any telephone line into the trading posts or may require Members to provide for the tape recording of a dedicated line at the posts at any time. Members and their clerks using the telephone consent to the Exchange tape recording any telephone or line. In addition, in proposed Rule 6.2(h)(5)(A), the PCX proposes to remove the current prohibition against Floor Brokers' use of cellular or cordless phones to make calls to persons located off the trading floor. Under the proposed revision, Floor Brokers will have the same ability to use cellular and cordless phones that PCX Market Makers and Lead Market Makers now have, except that Floor Brokers can accept orders only in outgoing calls initiated at the option post.

The Exchange believes that this proposed expansion of the Exchange's telephone policy at option posts is consistent with the recommendation of the Options Floor Trading Committee (OFTC), which oversees trading at the option posts. According to PCX, easing the current policy would enable the Exchange to provide more efficient access to its trading crowds and customers, increase the speed of the transmittal of orders and the execution of trades, and satisfy customers in an increasingly competitive environment.[3]

The Exchange intends to police compliance with the conditions applicable to the use of telephones at the option trading posts through oversight by and review of complaints from Exchange members at the trading post, as well as observations of Floor Officials and Exchange staff. Further, the Exchange represents that any individual member or associated person receiving orders over outside telephone lines must be properly qualified under Exchange rules.

The Exchange further indicates that the OFTC will be responsible for implementing this policy in conformity with Exchange rules and the Act. The OFTC will approve access, approve the phone technology, and decide any other issues relating to this policy.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with and furthers the objectives of Section 6(b)(5)[4] of the Act in that it is designed to improve communications to and from the Exchange's trading floor in a manner that promotes just and equitable principles of trade, prevents fraudulent and manipulative acts and practices, and maintains fair and orderly markets.

*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*

Written comments were neither solicited nor 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 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 Exchange. All submissions should refer to File No. SR–PCX–00–33 and should be submitted by February 12, 2000.

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

The Commission has reviewed the PCX's proposed rule change and finds, for the reasons set forth below, that the proposal is consistent with the requirements of Section 6 of the Act[5] and the rules and regulations thereunder applicable to a national securities exchange. Specifically, the Commission believes the proposal is consistent with Sections 6(b)(5) and 6(b)(8) of the Act.[6] Section 6(b)(5) requires, among other things, that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to facilitate transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system, and, in general, to protect investors and the public interest.[7] Section 6(b)(5) also requires that those rules not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. Section 6(b)(8) of the Act requires that the rules of an exchange not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

The Commission finds that the proposed rule, which would expand the PCX's policy regarding the use of telephones on its options trading floor by permitting the receipt of off-floor orders over outside telephone lines directly at the equity trading posts during outgoing telephone calls, is consistent with Section 6(b)(5)[8] of the Act in that it is designed to improve communication to and from the Exchange's trading floor in a manner that is consistent with Section 6(b)(5)'s objectives of promotion of just and equitable principles of trade, prevention of fraudulent and manipulative acts and practices, and maintenance of fair and orderly markets. The Commission believes that it is reasonable for PCX to permit PCX Market Makers to send orders to the trading floor via incoming calls, a policy which allows these market makers to transmit their orders more efficiently at those times when they are required to be off the floor. In the Commission's view, it is also reasonable for the Exchange to now allow orders from any other source to go directly to the post as long as those orders are placed in outgoing calls only.

The Commission further finds that the proposed rule change modifies the PCX's communication system in a way that provides for equitable access to the Exchange floor among members, broker-dealers, non-broker-dealers, and public customers alike.[9] Accordingly, the

[3] *See* Securities Exchange Act Release No. 43194 (August 22, 2000), 65 FR 52457 (SR–CBOE–00–04).

[4] 15 U.S.C. 78f(b)(5).

[5] 15 U.S.C. 78f.

[6] 15 U.S.C. 78f(b)(5) and (b)(8).

[7] In approving this rule, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[8] 15 U.S.C. 78f(b)(5).

[9] The PCX represents, and the Commission notes, that Floor Brokers at the PCX can only receive orders from other broker-dealer member firms, unless they have registered their individual memberships with a member organization approved to transact business with the public, in which case these Floor Brokers would have to be Series 7 qualified, among other requirements. *See* PCX Rule 6.43. Telephone conversation among Michael Pierson, Director, Regulatory Policy, PCX, Cindy Sink, Senior Attorney, PCX, and Geoffrey Pemble,

Commission finds that the proposal is consistent with the requirement of Section 6(b)(8)[10] that the proposed rule change not impose a burden on competition that is not necessary or appropriate in furtherance of the Act's purpose.

The Exchange has indicated that it intends to police compliance with the conditions applicable to the use of telephones at the equity trading posts through complaints from Exchange members at the post, as well as observations of Floor Officials and Exchange staff. The Exchange has further indicated that the OFTC will be responsible for implementing this policy in conformity with Exchange Rules and the Act, including approving access and the phone technology, and will decide any other issues relating to this policy.[11] The Commission finds that these proposed means of surveillance are consistent with prevention of fraudulent and manipulative acts and practices, as required by Section 6(b)(5).

For these reasons, the Commission finds good cause for approving the proposed rule change (SR–PCX–00–33) prior to the thirtieth day after the date of publication of notice thereof in the **Federal Register.** The Commission notes that PCX's proposal is virtually identical to a proposed rule change by CBOE (SR–CBOE–00–04) that was recently approved by the Commission.[12]

The Commission believes that proper surveillance is an essential component of any policy governing telephone access to an exchange's trading floor. Especially important in this case is ensuring that the PCX's surveillance efforts prevent individuals who are not properly qualified to take public orders for securities (*i.e.,* non-Series 7 registered Exchange employees) from interacting with the public. The Commission finds that the safeguards proposed above by the PCX are consistent with the prevention of fraudulent and manipulative acts and practices, as required under Section 6(b)(5).

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,[13] that the proposed rule change (SR–PCX–00–33) is hereby approved on an accelerated basis.

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

**Jonathan G. Katz,**

*Secretary.*

[FR Doc. 01–1802 Filed 1–19–01; 8:45 am]

BILLING CODE 8010–01–M

Attorney, Division of Market Regulation, SEC (December 1, 2000).

[10] 15 U.S.C. 78f(b)(8).

[11] Under this proposal, PCX Floor Brokers now will be able to receive telephone orders via personal or Exchange-owned cellular or cordless telephones (pursuant to proposed Rule 6.2(h)(5)(A)). The PCX represents, and the Commission notes, that surveillance of such telephone usage will be accomplished through the record-maintenance requirements in PCX Rule 6.2(h)(9), which would require members to maintain cellular or cordless phone records for at least one year and give the Exchange the authority to inspect such records. Telephone conversation between Cindy Sink, Senior Attorney, PCX, and Geoffrey Pemble, Attorney, Division of Market Regulation, SEC (November 30, 2000).

[12] *See* Securities Exchange Act Release No. 43493 (October 30, 2000).

[13] 15 U.S.C. 78s(b)(2).

[14] 17 CFR 200.30–3(a)(12).

## SMALL BUSINESS ADMINISTRATION

### Notice Inviting Applications for Funding Under the Business-to-Business Learning, Investment, Networking and Collaboration (BusinessLINC) Program

**AGENCY:** U.S. Small Business Administration.

**ACTION:** Notice of Invitation for Applications for Awards for FY 2001.

**SUMMARY:** The Administrator of the U.S. Small Business Administration (SBA) invites applications for awards for fiscal year 2001 under a grant competition supported by § 102 of Public Law No. 106–554, BusinessLINC Grants and Cooperative Agreements (''BusinessLINC''). The statute authorizes the Administrator to enter into cooperative agreements with qualified coalitions of public and private entities to promote the growth of small businesses by matching large concerns with small concerns and creating business-to-business partnering and mentoring relationships. These BusinessLINC cooperative agreements would provide funding to qualified coalitions to: (1) Expand business-to-business relationships between large and small businesses, and (2) provide businesses with online information and a database of companies that are interested in mentor-protégé programs or community-based, statewide, or local business development programs. Coalitions may consist of public entities, private entities, or a combination of public and private entities. To qualify, the coalition must provide an amount, either in-kind or in cash, equal to the grant amount.

Subject to funding availability, SBA intends to award up to $7.0 million in appropriated funds under this notice and expects to issue up to 50 awards. SBA reserves the right to fund, in whole or in part, any, all or none of the applications submitted in response to this notice. Award amounts may vary, depending upon availability of funds (and performance for option years); however, award amounts will be at least $25,000 and no single awardee may receive more than $250,000 in a single fiscal year.

The selection criteria to be used for this competition will be provided in the application package.

**DATES:** The closing date for applications is March 20, 2001, 4 p.m., Eastern Standard Time (EST).

**ADDRESSES:** To obtain a copy of the complete application package, call Mina Bookhard at (202) 205–7080, or see the BusinessLINC Program Announcement under the ''Go To New Stuff'' icon on SBA's website at www.sba.gov.

**FOR APPLICATIONS AND FURTHER INFORMATION:** Questions concerning the technical aspects of this notice should be directed to Rick Mayronne at (202) 205–7736. Questions about budget or funding matters should be directed to Mina Bookhard at (202) 205–7080.

**Program Authority:** 15 U.S.C. § 637(n).

Dated: January 12, 2001.

**Aida Alvarez,**

*Administrator.*

[FR Doc. 01–1709 Filed 1–19–01; 8:45 am]

BILLING CODE 8025–01–P

## SMALL BUSINESS ADMINISTRATION

### SBA Minority Contractors Finance Pilot Loan Program

**AGENCY:** Small Business Administration.

**ACTION:** Notice of pilot program ''SBA Minority Contractors Finance Pilot Loan Program''

**SUMMARY:** The Small Business Administration (SBA) is establishing a pilot program in which certain lenders will be permitted to use their own documentation forms to expeditiously approve loan amounts up to $250,000 for small business contractors and subcontractors in Rhode Island using the Section 7(a) loan program. The program will offer a technical assistance component provided by a Small Business Development Center (SBDC) and additional guaranty support from non-SBA sources for a lower risk exposure that is attractive to lenders and other modifications to SBA's normal lending practices and procedures. This program will be called the SBA Minority Contractors Finance Pilot Loan Program. The purpose for this 18-month pilot program is to address the