locked, regardless of whether the orders are eligible for automatic execution at the NBBO. Accordingly, the Exchange is now proposing to amend PCX Rule 6.87 to clarify that the OFTC may designate customer orders, for any option issue, to default to floor broker representation in the trading crowd if the NBBO is crossed or locked, regardless of whether the Exchange's Auto-Ex system is set to execute orders at prices reflecting the NBBO.

The Exchange stated that the proposal should prevent customer orders from being executed at inferior prices. The Exchange illustrated this potential problem as follows. If the PCX market is 5 bid, 5¼ asked, and exchange B's market is 4 bid, 4¼ asked, the NBBO would be 5 bid, 4¼ asked. If the 5 bid is based on a public order for 10 contracts, and the order is automatically executed, the customer would be deprived of an opportunity to cancel the order at 5 and buy 10 contracts at exchange B at 4¼. This result would occur regardless of whether the PCX Auto-Ex system is using the NBBO or PCX quotes.

The Exchange also explained that in many cases crossed or locked markets occur because of communications or systems problems, or due to keystroke errors, or quotation dissemination delays. The Exchange stated that it believes that the proposal allow floor brokers to determine if the locked or crossed market is actually a true market. The Exchange stated that it plans to implement a systems change to accommodate the potential for floor broker representation of options orders during crossed or locked markets after this proposal is approved.

III. Discussion

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 exchange.[6] In particular, the Commission finds that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.[7]

Section 6(b)(5) of the Act[8] requires, among other things, that the rules of an exchange be designed to facilitate transactions in securities and, in general, to protect investors and the public interest. The proposed rule change should protect customer orders from being executed at inferior prices. Currently if the NBBO is crossed or locked, a customer's order could potentially be executed at an inferior price. If an order is placed for an option issue that is not eligible for automatic execution at the NBBO, the order would be automatically executed at a price that may be inferior to a price listed on another market. The proposed amendment to PCX Rule 6.87 would prevent this situation from occurring. The customer order would default to the PCX floor brokers who would then handle that order consistent with their best execution obligations.

The proposed rule change provides floor brokers with the opportunity to determine if the crossed or locked markets are true markets. As explained by the Exchange, a locked or crossed market may be caused by external factors unrelated to the option issue. The default provision will allow floor brokers to ascertain whether the crossed or locked market is in fact a true market, before assessing what the best execution would be for a particular customer's order.

Accordingly, the Commission believes the proposed rule change will facilitate transactions when markets are crossed or locked and will protect investors and the public interest consistent with the requirements of Section 6(b)(5) of the Act.[9]

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[10] that the proposed rule change (SR–PCX–98–55) is approved.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99–2533 Filed 2–2–99; 8:45 am]

BILLING CODE 8010–01–M

[6] In reviewing this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

[7] 15 U.S.C. 78f(b)(5).

[8] *Id.*

[9] *Id.*

[10] 15 U.S.C. 78s(b)(2).

[11] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–40959; File No. SR–PCX–98–65]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Pacific Exchange, Inc. Relating to Rescission of Fee Assessment for New Facilities

January 22, 1999.

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 January 15, 1999, 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 PCX.[3] 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

PCX is proposing to rescind the special assessment that was approved in January 1998. The assessment, which applied to each of the 552 PCX memberships, was intended to provide an equity base to fund new facilities to house the Exchange's new trading floor, technology facilities, associated office space and equipment.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, PCX included statements concerning the purpose of, and basis for, the fee 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. PCX has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

[2] 17 CFR 240.19b–4.

[3] The filing was submitted January 4, 1999, however, the PCX amended the filing after it was submitted. Therefore the effective date of the filing is January 15, 1999. *See* letter from Robert P. Pacileo, Staff Attorney, PCX, to Mike Walinskas, Deputy Associate Director, SEC, dated January 14, 1999.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Background: The Exchange received approval by the Commission to assess the 552 PCX memberships $36,000, to be paid by each membership in monthly installments of $1,000 per month.[4] In the original proposal, the Exchange stated that ''the purpose of the assessment is to provide an equity base to finance land and facilities to house the Exchange's new trading floors, technology facilities, associated office space and equipment.'' In addition, the Exchange proposed that the amount raised would serve as an equity base to aid in the process of obtaining additional financing.

Proposed Fees: The Exchange proposes to rescind its $36,000 special assessment of each of its 552 memberships. The Exchange proposes this rescission for several reasons including: significant and rapid changes in the industry, the entry of new, well-capitalized competitors, the introduction of electronic trading, and other technological enhancements. The Exchange believes that it must use its technological, staff, and financial resources to aggressively respond to competitive pressures, but it has been able to alter its facility requirements. Although the Exchange still needs to expand and renovate its trading facilities, technological enhancements will allow it to do so in a less costly manner than the facilities proposed in the original filing.[5] In conjunction with rescinding the assessment, the Exchange intends to refund all payments collected as part of the assessment from the owners of its 552 memberships.

2. Statutory Basis

The fee change is consistent with Section 6(b)[6] of the Act in general and furthers the objectives of Section 6(b)(4)[7] in particular because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members.

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

PCX 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

PCX 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

The foregoing rule change, which establishes or changes a due, fee, or other charge applicable to members of the Exchange, has become effective pursuant to Section 19(b)(3)(A) of the Act,[8] and subparagraph (e)(2) of Rule 19b–4 thereunder.[9] 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 foregoing 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. Copies of the submission, all subsequent amendments, all written statements with respect to the rule change that are filed with the Commission, and all written communications relating to the 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 PCX. All submissions should refer to File No. SR–PCX–98–65 and should be submitted by February 24, 1999.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99–2535 Filed 2–2–99; 8:45 am]

BILLING CODE 8010–01–M

[4] *See* Securities Exchange Act Release No. 39945 (May 1, 1998), 63 FR 25891 (May 11, 1998).

[5] *Id.*

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

[7] 15 U.S.C. 78f(b)(4).

[8] 15 U.S.C. 78s(b)(3)(A).

[9] 17 CFR 240.19b–4(e)(2).

[10] 17 CFR 200.30–3(a)(12).

DEPARTMENT OF STATE

[Public Notice No. 2964]

Shipping Coordinating Committee International Maritime Organization (IMO) Legal Committee; Notice of Meeting

The U.S. Shipping Coordinating Committee (SHC) will conduct an open meeting at 1:00 p.m., on Friday, February 12, 1999, in Room 2415 at U.S. Coast Guard Headquarters, 2100 Second Street, S.W., Washington, D.C. The purpose of this meeting is to prepare for a Diplomatic Conference on the International Maritime Organization's Draft Convention on Arrest of Ships, which will be held March 01–12, 1999, in Geneva. This meeting will be a further opportunity for interested members of the public to express their views on the Draft Convention.

Members of the public are invited to attend the SHC meeting, up to the seating capacity of the room.

For further information, or to submit views in advance of the meeting, please contact Captain Malcolm J. Williams, Jr., or Lieutenant William G. Respires, U.S. Coast Guard (G–LMI), 2100 Second Street, SW, Washington, D.C. 20593; telephone (202) 267–1527; fax (202) 267–4496.

Dated: January 28, 1999.

Stephen M. Miller,

Executive Secretary, Shipping Coordinating Committee.

[FR Doc. 99–2643 Filed 2–1–99; 1:34 pm]

BILLING CODE 4710–7–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

Stand-Alone Airborne Navigation Equipment Using the Global Positioning System Augmented by the Wide Area Augmentation System

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice of availability for public comment.

SUMMARY: This notice announces the availability of and requests comments on a proposed Technical Standard Order (TSO) pertaining to stand-alone airborne navigation equipment using the Global Positioning System (GPS) Augmented by the Wide Area Augmentation System (WAAS). The proposed TSO prescribes the minimum operational performance standards that stand-alone airborne navigation equipment must meet to be identified with the marking ''TSO–C146.''