

SR-AMEX-2001-47 and should be submitted by March 15, 2002.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>22</sup>

**Margaret H. McFarland,**  
*Deputy Secretary.*

[FR Doc. 02-4231 Filed 2-21-02; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45452; File No. SR-NYSE-2001-49]

### Self-Regulatory Organizations; New York Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Amending New York Stock Exchange Rule 902 (Off-Hours Trading Orders)

February 15, 2002.

On December 11, 2001, the New York Stock Exchange, Inc. ("NYSE") filed with the Securities and Exchange Commission ("Commission"), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change amending NYSE Rule 902, Off-Hours Trading Orders, to permit the submission of member to member coupled orders in Crossing Session I in order to close out error positions.

The proposed rule change was published for comment in the **Federal Register** on January 14, 2002.<sup>3</sup> The Commission received no comments on the proposal.

After careful review, 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,<sup>4</sup> and, in particular, the requirements of section 6 of the Act<sup>5</sup> and the rules and regulations thereunder. The Commission finds specifically that the proposed rule change is consistent with section 6(b)(5) of the Act.<sup>6</sup> Section 6(b)(5)<sup>7</sup> requires, among other things, that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, promote just and equitable

principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Commission believes that the proposed rule change promotes the objectives of this section of the Act. Specifically, the proposed rule change allows the submission of member to member coupled orders during Crossing Session I, when they normally would not be permitted, for the limited purpose of closing out error positions.<sup>8</sup> The Commission believes that this limited exception will foster cooperation and coordination with persons engaged in facilitating transactions in securities and remove impediments to and perfect the mechanism of a free and open market and a national market system by removing an impediment to closing out error positions. Moreover, the Commission believes that it is generally in the public interest to facilitate the closing out of error positions.

*It is therefore ordered*, pursuant to section 19(b)(2) of the Act,<sup>9</sup> that the proposed rule change (File No. SR-NYSE-2001-49) be, and it hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

**Margaret H. McFarland,**  
*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45442; File No. SR-Phlx-2001-115]

### Self-Regulatory Organizations; Order Granting Accelerated Approval to a Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to the Volume Thresholds for the Options Specialist Shortfall Fee and Corresponding Shortfall Credit

February 13, 2002.

#### I. Introduction

On December 20, 2001, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend its schedule of dues, fees and charges to increase the requisite volume thresholds associated with the options specialist 10 percent deficit fee ("shortfall fee") and corresponding options specialist 10 percent shortfall credit ("shortfall credit"). The Exchange also proposed to amend the definition of a Top 120 Option, clarify who is eligible to receive the shortfall credit and make other minor, technical amendments to its fee schedule. On January 15, 2002, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>3</sup>

The proposed rule change, as amended by Amendment No. 1, was published for comment in the **Federal Register** on January 28, 2002.<sup>4</sup> The comment period was for fifteen days and expired on February 12, 2002. No comments were received regarding the proposed rule change, as amended. This order approves the proposed rule change, as amended, on an accelerated basis.

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See letter from Cynthia K. Hoekstra, Counsel, Phlx, to Kelly Riley, Senior Special Counsel, Division of Market Regulation, Commission, dated January 14, 2002 ("Amendment No. 1"). In Amendment No. 1, the Exchange expanded the statutory basis of the proposed rule change to include section 6(b)(4) of the Act. In addition, the Exchange requested that the proposed rule change be filed pursuant to section 19(b)(2), rather than section 19(b)(3)(A)(ii), of the Act. Finally, the Exchange requested that the proposed fee be approved as of January 2, 2002, and that the proposed rule change be approved on an accelerated basis in order to permit the Exchange to invoice its January fees in a timely manner by the middle of February.

<sup>4</sup> See Securities Exchange Act Release No. 45322 (January 22, 2002), 67 FR 3927.

<sup>22</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 45251 (January 8, 2002), 67 FR 1793.

<sup>4</sup> In approving this proposed rule change, the Commission has considered the rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>5</sup> 15 U.S.C. 78f.

<sup>6</sup> 15 U.S.C. 78f(b)(5).

<sup>7</sup> *Id.*

<sup>8</sup> The NYSE confirmed that the new exception to NYSE Rule 902(a)(ii) (embodied in proposed NYSE Rule 902(a)(ii)(C)) is subject to NYSE Rule 906, Impact of Trading Halts on Off-Hours Trading, and, therefore, the proposed exception does not permit trading of a security that is subject to a trading halt under NYSE Rule 906 (a) or (b). Telephone discussion between Donald Siemer, Director Rule Development, Market Surveillance Division, NYSE, and Christopher B. Stone, Attorney Advisor, Division of Market Regulation, Commission (January 7, 2002).

<sup>9</sup> 15 U.S.C. 78s(b)(2).

<sup>10</sup> 17 CFR 200.30-3(a)(12).

## II. Description of the Proposed Rule Change

The Exchange proposes to increase the volume thresholds related to the options specialist shortfall fee<sup>5</sup> and corresponding shortfall credit.<sup>6</sup> Currently, the Exchange imposes a fee of \$0.35 per contract to be paid by the specialist trading any Top 120 Option if at least 10 percent of the total national monthly contract volume ("total volume") for such Top 120 Option is not affected on the Exchange in that month.<sup>7</sup> The Exchange proposes to increase the requisite volume thresholds by 1 percent per quarter over each quarter of 2002. Thus, the minimum trading volume requirements for total volume in the Top 120 Options would be in excess of: 11 percent for the period January through March 2002; 12 percent for the period April through June 2002; 13 percent for the period July through September 2002; and 14 percent for the period October through December 2002.

In addition, the Exchange permits a corresponding shortfall credit of \$0.35 per contract to be earned toward previously imposed shortfall fee for each contract traded in excess of the current 10 percent volume threshold during a subsequent monthly time period.<sup>8</sup> The specialist may apply for the shortfall credit when trading in an issue falls below the 10 percent volume threshold in one month and exceeds the threshold in a subsequent month. The Exchange also proposes to amend the related shortfall credit to correspond with the volume thresholds described above. Therefore, in order to qualify for the shortfall credit, specialists/specialist units must have total volume in the Top

120 Options (that otherwise qualify based on the 10 million contract volume requirement) in excess of: 11 percent for the period January through March 2002; 12 percent for the period April through June 2002; 13 percent for the period July through September 2002; and 14 percent for the period October through December 2002.

## III. Discussion

The Commission finds that the proposed rule change, as amended, is consistent with the requirements of section 6 of the Act<sup>9</sup> and the rules and regulations thereunder applicable to a national securities exchanges.<sup>10</sup> The Commission finds specifically that the proposed rule change is consistent with section 6(b)(4) of the Act,<sup>11</sup> which requires, among other things, that the rules of a national securities exchange be designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using its facilities. Further, the Commission believes that the proposed fee may enhance inter-market competition by encouraging Phlx specialists to compete for order flow. In addition, Phlx specialists' efforts to maintain the requisite volume thresholds as outlined above may contribute to deeper, more liquid markets and narrower spreads.

The Exchange proposed to implement the proposed fees as of January 2, 2002. The Commission believes that it is reasonable for the Phlx to implement these fees retroactively to coincide with the New Year. Further, the Commission notes that it did not receive any comments on the proposed retroactive application of the fee and credit.

Furthermore, the Commission finds good cause for approving the proposed rule change and Amendment No. 1 prior to the thirtieth day after notice of the publication in the **Federal Register**. Accelerated approval will permit the Exchange to invoice its January fees in a timely manner by the middle of February. In addition, the Commission received no comments on the proposed rule change and Amendment No. 1. Accordingly, the Commission finds good cause, consistent with section 19(b)(2) of the Act<sup>12</sup> to approve the proposed rule change, as amended, on an accelerated basis.

## IV. Conclusion

For the foregoing reasons, the Commission finds that the proposal, as amended, is consistent with the requirements of the Act and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to section 19(b)(2) of the Act,<sup>13</sup> that the proposed rule change (SR-Phlx-2001-1115), as amended, is approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>14</sup>

**Margaret H. McFarland,**  
Deputy Secretary.

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## OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

[Docket No. WTO/DS-244]

### WTO Dispute Settlement Proceeding Brought by Japan Regarding the Sunset Review of the Antidumping Duty Order Imposed by the United States on Corrosion-Resistant Carbon Steel Flat Products From Japan

**AGENCY:** Office of the United States Trade Representative.

**ACTION:** Notice; request for comments.

**SUMMARY:** The Office of the United States Trade Representative (USTR) is providing notice that on January 30, 2002, the United States received from Japan a request for consultations under the Marrakesh Agreement Establishing the World Trade Organization (WTO Agreement) regarding certain aspects of the final determinations of both the United States Department of Commerce (DOC) and the United States International Trade Commission (ITC) in the full sunset review of Corrosion-Resistant Carbon Steel Flat Products from Japan issued on August 2, 2000, and November 21, 2000, respectively. USTR invites written comments from the public concerning the issues raised in this dispute.

**DATES:** Although USTR will accept any comments received during the course of the dispute settlement proceedings, comments should be submitted on or before March 12, 2002, to be assured of timely consideration by USTR.

**ADDRESSES:** Comments should be submitted (i) electronically, to [japancrsteel@ustr.gov](mailto:japancrsteel@ustr.gov), or (ii) by mail, to Sandy McKinzy, Attn: Japan Corrosion-

<sup>5</sup> See Securities Exchange Act Release No. 43201 (August 23, 2000), 65 FR 52465 (August 29, 2000) (SR-Phlx-00-71).

<sup>6</sup> See Securities Exchange Act Release No. 44892 (October 1, 2001), 66 FR 51487 (October 9, 2001) (SR-Phlx-2001-83).

<sup>7</sup> The Exchange states that at present a Top 120 Option is defined as one of the 120 most actively traded equity options in terms of the total number of contracts in that option that were traded nationally for a specified month based on volume reflected by The Options Clearing Corporation ("OCC") and which was listed on the Exchange after January 1, 1997. The Exchange proposes to amend the definition of a Top 120 Option to include the top 120 most actively traded equity options in terms of the total number of contracts in that option that were traded nationally for a specified month based in volume reflected by OCC. The Phlx intends to continue to divide by two the total volume reported by OCC, which reflects both sides of an executed transaction, thus avoiding one trade being counted twice for purposes of determining overall volume. See Securities Exchange Act Release No. 43201 (August 23, 2000), 65 FR 52465 (August 29, 2000) (SR-Phlx-00-71).

<sup>8</sup> To be eligible for the shortfall credit, the option must trade in excess of 10 million contracts nationwide during the month in which the deficit occurs.

<sup>9</sup> 15 U.S.C. 78f.

<sup>10</sup> In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>11</sup> 15 U.S.C. 78f(b)(4).

<sup>12</sup> 15 U.S.C. 78s(b)(2).

<sup>13</sup> *Id.*

<sup>14</sup> 17 CFR 200.30-3(a)((12).