

be effected on a "next day" basis. The Exchange believes that there is no reason why trades should not be settled for "cash" at any time during the final six days prior to expiration, and is proposing to amend Amex rule 17 to allow "cash" settlement during all of the final six days of trading in any right or warrant on the Exchange.

2. Statutory Basis

The Exchange believes that the proposed rule change, as amended, is consistent with section 6(b) of the Act⁴ in general, and furthers the objectives of section 6(b)(5) of the Act⁵ in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and 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.

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

The Exchange believes that the proposed rule change, as amended, will impose no burden on competition 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

No written comments were solicited or received in response to the proposed rule change.

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

Within 35 days of the date of 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, as amended, 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, as amended, that are filed with the Commission, and all written communications relating to the proposed rule change, as amended, 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 Amex. All submissions should refer to file number SR-Amex-2002-105 and should be submitted by April 3, 2003.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 03-5994 Filed 3-12-03; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-47455; File No. SR-Amex-2003-15]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange LLC To Extend the Suspension of Transaction Charges for Certain Exchange-Traded Funds

March 6, 2003.

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 4, 2003, the American Stock Exchange LLC ("Amex") 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.

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

The Amex proposes to extend until March 31, 2003 the suspension of Exchange transaction charges for specialist, Registered Trader and broker-dealer orders for the iShares Lehman 1-3 year Treasury Bond Fund; iShares Lehman 7-10 year Treasury Bond Fund; Treasury 10 FITR ETF; Treasury 5 FITR ETF; Treasury 2 FITR ETF; and Treasury 1 FITR ETF. In addition, the Exchange proposes to suspend until March 31, 2003 customer transaction charges for the iShares S&P 100 Index Fund. Proposed new language is *italicized*; proposed deletions are in [brackets].

* * * * *

AMEX EQUITY FEE SCHEDULE

1. Transaction Charges

No change.

II. Regulatory Fee

No Change.

Notes:

1. and 2. No change.

3. Customer transaction charges for the following Portfolio Depositary Receipts, Index Fund Shares, and Trust Issued Receipts have been suspended:

DIA—DIAMONDS®

QQQ—Nasdaq-100® Index Tracking

Stock

SPY—SPDRs®

IVV—iShares S&P 500

MDY—MidCap SPDRs

XLY—Select Sector SPDR—Consumer

Discretionary

XLP—Select Sector SPDR—Consumer

Staples

XLE—Select Sector SPDR—Energy

XLF—Select Sector SPDR—Financial

XLV—Select Sector SPDR—Health Care

XLI—Select Sector SPDR—Industrial

XLB—Select Sector SPDR—Materials

XLK—Select Sector SPDR—Technology

XLU—Select Sector SPDR—Utilities

BHH—B2B Internet HOLDRs™

BBH—Biotech HOLDRs

BDH—Broadband HOLDRs

EKH—Europe 2001 HOLDRs

IAH—Internet Architecture HOLDRs

HHH—Internet HOLDRs

IIH—Internet Infrastructure HOLDRs

MKH—Market 2000+ HOLDRs

OIH—Oil Service HOLDRs

PPH—Pharmaceutical HOLDRs

RKH—Regional Bank HOLDRs

RTH—Retail HOLDRs

SMH—Semiconductor HOLDRs

SWH—Software HOLDRs

TTH—Telecom HOLDRs

UTH—Utilities HOLDRs

WMH—Wireless HOLDRs

SHY—iShares Lehman 1-3 Year

Treasury Bond Fund

IEF—iShares Lehman 7-10 Year

Treasury Bond Fund

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(5).

TLT—iShares Lehman 20+ Year Treasury Bond Fund
 LQD—iShares GS \$ InvesTop Corporate Bond Fund
 TFT—Treasury 1 FITR ETF
 TOU—Treasury 2 FITR ETF
 TFI—Treasury 5 FITR ETF
 TTE—Treasury 10 FITR ETF

Until March 31, 2003, customer transaction charges for the iShares S&P 100 Index Fund (OEF) have been suspended.

Until [February 28] March 31, 2003, transaction charges also have been suspended in SHY, IEF, TFT, TOU, TFI and TTE for specialist, Registered Trader and broker dealer orders.

* * * * *

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 Amex 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 Section 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 is extending until March 31, 2003 the suspension of transaction charges in iShares Lehman 1–3 year Treasury Bond Fund (Symbol: SHY); iShares Lehman 7–10 year Treasury Bond Fund (Symbol: IZEF); Treasury 10 FITR ETF (Symbol: TTE); Treasury 5 FITR ETF (TFI); Treasury 2 FITR ETF (TOU); and Treasury 1 FITR ETF (TFT) for specialist, Registered Trader and broker-dealer orders. The Exchange previously filed a suspension in such charges until November 30, 2002,³ December 13, 2002,⁴ January 31, 2003,⁵ and February 28, 2003.⁶ 2003.

The Exchange is also suspending customer transaction charges until

March 31, 2003 for the iShares S&P 100 Index Fund (Symbol: OEF), an Exchange-Traded Fund that the Exchange will trade pursuant to unlisted trading privileges.

The Exchange believes a suspension of fees for these securities is appropriate to enhance the competitiveness of executions in these securities on the Amex. The Exchange will reassess the fee suspension as appropriate, and will file any modification to the fee suspension with the Commission pursuant to Section 19(b)(3)(A) of the 1934 Act.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act⁷ in general, and furthers the objectives of Section 6(b)(4)⁸ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among its members and other persons using its facilities.

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.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

The Exchange has neither solicited nor received comments on the proposed rule change.

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) of the Act⁹ and Rule 19b-4(f)(6)¹⁰ thereunder because the proposal: (i) Does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) does not become operative prior to 30 days after the date of filing such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. The Exchange gave the Commission notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change. At any

time within 60 days of the filing of such 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.

The Amex has requested that the Commission waive the 30-day operative delay. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. The Commission notes that fee suspensions for the exchange-trade funds that are the subject of this filing have been previously filed with the Commission.¹¹ Further, extension of the fee suspension for specialist, Registered Trader, and broker-dealer orders will permit the fee suspensions to continue uninterrupted. With regard to the iShares S&P 100 Index Fund, acceleration of the operative date will permit the Amex to suspend these fees immediately. For these reasons, the Commission designates the proposal to be effective and operative upon filing with the Commission.¹²

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 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-Amex-2003-15 and should be submitted by April 3, 2003.

¹¹ See *supra* notes 3, 4, 5, and 6.

¹² For purposes only of accelerating the operative date of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

³ See Securities Exchange Act Release No. 46765 (November 1, 2002), 67 FR 68893 (November 13, 2002) (SR-Amex-2002-91).

⁴ See Securities Exchange Act Release No. 46996 (December 13, 2002), 67 FR 78264 (December 23, 2002) (SR-Amex-2002-98).

⁵ See Securities Exchange Act Release No., 47141 (January 8, 2003), 68 FR 2090 (January 15, 2003) (SR-Amex-2002-115).

⁶ See Securities Exchange Act Release No. 47361 (February 13, 2003), 68 FR 8534 (February 21, 2003) (SR-Amex-2003-04).

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(4).

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6).

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹³

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 03-6068 Filed 3-12-03; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-47443; File No. SR-CHX-2002-40]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Stock Exchange, Inc. Relating to Zero-Second Display of Certain Limit Orders

March 4, 2003.

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 December 26, 2002, the Chicago Stock Exchange, Inc. ("CHX" 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. On January 10, 2003, the exchange filed an amendment to the proposed rule change.³ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.⁴

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

The Exchange proposes to amend Article XX, Regular Trading Sessions, CHX Rule 7, Recognized Quotations, and CHX Rule 37, Guaranteed Execution System and Midwest Automated

Execution System, which govern, among other things, display of limit orders in a specialist's book. The text of the proposed rule change is below. Proposed new language is in italics.

Chicago Stock Exchange Rules

Article XX Regular Trading Sessions

* * * * *

Recognized Quotations

RULE 7

No change to text.

• • • Interpretations and Policies:

.01-.04 No change to text.

.05 (a) Quotation sizes, unless otherwise specified, shall be assumed to be for 100 shares. With respect to agency limit orders received by specialists, each specialist shall publish immediately (*i.e.*, as soon as practicable, which under normal circumstances means no later than 30 seconds from time of receipt, *subject to the provisions below relating to agency limit orders designated "post protection only"*) a bid or offer that reflects:

(i) The price and full size of each agency limit order that is at a price that would improve the specialist's bid or offer in such security; and
(ii) The full size of each agency limit order that is priced equal to the specialist's bid or offer for such security.

(b) The requirements with respect to specialists' display of limit orders shall not apply to any limit order that is:

(i) Executed upon receipt of the order;
(ii) Placed by a person or entity who expressly requests, either at the time the order is placed or prior thereto pursuant to an individually negotiated agreement with respect to such person's orders, that the order not be displayed;
(iii) An odd-lot order;

(iv) Delivered immediately upon receipt to an exchange or association-sponsored system or an electronic communications network that complies with the requirements of Securities and Exchange Commission Rule 11Ac1-1(c)(5) under the Securities Exchange Act with respect to that order;

(v) Delivered immediately upon receipt to another exchange member or over-the-counter market maker that complies with the requirements of Securities and Exchange Commission Rule 11Ac1-4 under the Securities Exchange Act with respect to that order;
(vi) An all or none order; or
(vii) A block size order, unless the customer order is received with a request that the order be displayed.

If a floor broker designates an agency limit order, in a manner specified by the Exchange, as "post protection only,"

and sends that order to the specialist via the MAX system, the specialist receiving such order shall display the limit order in zero seconds. Such order will not be entitled to primary market price protection or other protections due limit orders under Article XX, Rule 37(a)(3).

* * * * *

Guaranteed Execution System and Midwest Automated Execution System

* * * * *

RULE 37(a). Guaranteed Executions.

* * * * *

3. Dual Trading System Agency Limit Orders. Subject to Interpretation and Policy .10 ("Exempted Trade-Throughs"), all agency limit orders in Dual Trading System issues will be filled under the following circumstances:

(a) Exhaustion of primary market bid or offer. When the bid or offering at the limit price has been exhausted in the primary market (as defined in the CTA plan), agency limit orders will be executed in whole or in part, based on the rules of priority and precedence, on a share for share basis with trades executed at the limit price in the primary market;

(b) Price penetration in primary market. When there has been a price penetration of the limit in the primary market, agency limit orders that have resided in the specialist's book for a period of 0-15 seconds (as designated by the specialist) prior to the primary market print will be filled at the limit price;

(c) Primary market trading at the limit price. When the issue is trading at the limit price on the primary market, agency limit orders will be filled at the limit price unless it can be demonstrated that such orders would not have been executed if they had been transmitted to the primary market or the broker and specialist agree to a specific volume related or other criteria for requiring a fill; and

(d) Block size trade-through in another market. In instances where a block trade on the Exchange or other market against which orders are being protected takes place outside the current Exchange quotation, all effective bids or offers limited to the block price or better will be executed at the more favorable block price rather than at the limit price of the affected orders. A specialist may elect to provide automatic execution of designated limit orders at the block price or better when a "block size" (as defined in Article XX, Rule 40, Interpretation and Policy .05) trade-through is executed on the primary market.

¹³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See letter, dated January 9, 2003, from Kathleen M. Boege, Associate General Counsel, CHX, to Nancy J. Sanow, Assistant Director, Division of Market Regulation ("Division"), Commission ("Amendment No. 1"). In Amendment No. 1, the CHX provided additional clarity as to the full extent of limit order protection that would be forfeited by a floor broker that elects "post protection only" ("PPO") under the proposed rule change.

⁴ The CHX requested that the Commission make various non-substantive typographical corrections to the notice in the rule language and purpose section. In addition, the CHX requested that the Commission add an additional protection related to block trades as described in footnote 7 below. Such protection was added due to an intervening CHX rule change that was not in place at the time of filing of the instant proposed rule change. Telephone conference between Kathleen M. Boege, Associate General Counsel, CHX, and Christopher B. Stone, Special Counsel, Division, Commission (March 3, 2003).