

enforcement processes and activities with a view to preventing and eliminating (aa) harassment, intimidation, refusals to deal and retaliation against market participants, for acting competitively, or seeking to act competitively, and (bb) other anticompetitive conduct.

i. No later than one year after the date of this Order, each respondent exchange shall adopt rules establishing, or modifying existing, sanctioning guidelines such that they are reasonably designed to effectively enforce compliance with such exchange's options order handling rules, including, the duty of best execution with respect to the handling of orders after the broker-dealer routes the order to such respondent exchange, limit order display, priority, firm quote, and trade reporting rules. As part of its compliance with this undertaking, each respondent exchange shall provide to the Commission staff, no later than nine months after the date of the Order, draft proposed rules or rule amendments that comply with Section 19 of the Exchange Act and Rule 19b-4 thereunder and that would be, if approved by the Commission, sufficient to effect the changes required by this undertaking.

j. No later than twelve months after the date of this Order, each respondent exchange shall adopt new, or amend existing, rules to include any practice or procedure, not currently authorized by rule, whereby market makers trading any particular option class determine by agreement the spreads or option prices at which they will trade any option class, or the allocation of orders in that option class. As part of its compliance with this undertaking, each respondent exchange shall provide to the Commission staff, no later than six months after the date of the Order, draft proposed rules or rule amendments that comply with Section 19 of the Exchange Act and Rule 19b-4 thereunder that would be, if approved by the commission, sufficient to effect the changes required by this undertaking. Each respondent exchange shall take all reasonable steps within six months after the date of this Order to promptly stop any other such practice or procedure if neither it nor a related practice or procedure that would supersede the existing practice or procedure, has been submitted to the Commission for approval or is not already authorized by rule.

k. The rule changes adopted pursuant to these undertakings shall not preclude a respondent exchange from exercising or enforcing an intellectual property right in an option, or a license of an intellectual property right in an option,

if another exchange proposes to list or has listed the option and such respondent exchange has a good faith belief that the intellectual property right or license thereof exists and the action taken is consistent with the federal securities laws and the Commission's rules, regulations and orders.

l. The respondent exchanges shall, for each of calendar 2000 and 2001, expend for options-related surveillance systems and for staffing in the areas of options-related surveillance, investigation and enforcement, an annual amount that equals or exceeds: (a) \$11 million, in the case of the AMEX; (b) \$17 million, in the case of the CBOE; (c) \$6.5 million, in the case of the PCX; and (d) \$4 million in the case of the PHLX.<sup>12</sup> This undertaking shall be deemed fulfilled if the average annual amount of a respondent exchange's expenditures in calendar 2000 and 2001 required by this undertaking equals or exceeds such respondent exchange's annual amount specified earlier in this undertaking. The fulfillment of this undertaking will not necessarily be deemed sufficient to satisfy any other undertakings in this Order and the fulfillment of all other undertakings shall be determined independently of the fulfillment of this undertaking.<sup>13</sup>

m. Each respondent exchange shall, on the first three anniversaries after the date of the Order, provide to the Directors of the Divisions of Enforcement and Market Regulation, and of the Office of Compliance Inspections and Examinations affidavits or affirmations, detailing its progress in implementing undertakings 3.f., 3.h.iii., and 3.1.

n. In evaluating a respondent exchange's compliance with these undertakings, the Commission will consider: (i) any rule proposals filed by such respondent exchange since August 1, 1999, or any rules adopted by such respondent exchange since August 1, 1999, which are relevant to the purposes of any of the undertakings; and (ii) any and all steps taken since August 1, 1999 by such respondent exchange to enhance and improve its surveillance, investigative and enforcement processes and activities in any manner relevant to the purposes of any of the undertakings. The Order specifically notes any

<sup>12</sup> The amounts specified for each respondent do not reflect any determination of a respondent's relative degree of culpability with respect to the conduct alleged in the Order.

<sup>13</sup> If, over the course of calendar 2000 or 2001, the Board of Governors or Directors of a respondent exchange believe that the specified expenditures are not achievable or feasible, or are unwarranted in light of changed circumstances, such respondent exchange may, by application to the Commission, seek modification of this undertaking.

instances in which the rules previously proposed and adopted by a respondent exchange, or the steps previously taken by a respondent exchange to enhance and improve its surveillance, investigative and enforcement processes and activities, shall be deemed to have fulfilled a particular undertaking.

By The Commission.

**Jonathan G. Katz,**  
*Secretary.*

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## DEPARTMENT OF JUSTICE

### Antitrust Division

#### Notice Pursuant to the National Cooperative Research and Production Act of 1993—Cable Television Laboratories, Inc.

Notice is hereby given that, on July 11, 2000, pursuant to Section 6(a) of the National Cooperative Research and Production Act of 1993, 15 U.S.C. 4301 *et seq.* ("the Act"), Cable Television Laboratories, Inc. ("CableLabs") has filed written notifications simultaneously with the Attorney General and the Federal Trade Commission disclosing changes in its membership status. The notifications were filed for the purpose of extending the Act's provisions limiting the recovery of antitrust plaintiffs to actual damages under specified circumstances. Specifically, Buford Media Group, Tyler, TX has been added as a party to this venture.

No other changes have been made in either the membership or planned activity of the group research project. Membership in this group research project remains open, and CableLabs intends to file additional written notifications disclosing all changes in membership.

On August 8, 1988, CableLabs filed its original notification pursuant to Section 6(a) of the Act. The Department of Justice published a notice in the **Federal Register** pursuant to Section 6(b) of the Act on September 7, 1988 (53 FR 34593).

The last notification was filed with the Department on March 22, 2000. A notice for this filing was published in the **Federal Register** on August 9, 2000 (65 FR 48736 ).

**Constance K. Robinson,**  
*Director of Operations, Antitrust Division.*

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