

physically-settled equity options, the options Clearing Corporation has rules that would apply to such situation. In addition, the Commission believes it is appropriate for the ISE to set strike prices for both 100 and 1000 shares contracts to bracket the Fund Shares price at one point intervals up to a share price of \$200.

Second, the Commission believes that the surveillance standard developed by the ISE for options on Fund Shares is adequate to address the concerns associated with the listing and trading of such securities. Specifically, the ISE has proposed that: (1) Any Fund Share with non-US stocks in the underlying index or portfolio that are not subject to comprehensive surveillance agreements do not in the aggregate represent more than 50% of the weight of the index or portfolio; (2) stocks for which the primary market is in any one country that is not subject to a comprehensive surveillance agreement do not represent 20% or more of the weight of the index or portfolio; and (3) stocks for which the primary market is in any two countries that are not subject to comprehensive surveillance agreements do not represent 33% or more of the weight of the index or portfolio.

As a general matter, the Commission believes that comprehensive surveillance agreements provide an important deterrent to manipulation because they facilitate the availability of information needed to fully investigate a potential manipulation if it were to occur. These agreements are especially important in the content of derivative products based on foreign securities because they facilitate the collection of necessary regulatory, surveillance and other information from foreign jurisdictions. In evaluating the current proposal, the Commission believes that requiring comprehensive surveillance agreements to be in place between the ISE and the primary markets for foreign securities that comprise 50% or more of the weight of the underlying index or portfolio upon which Fund Shares are based, as well as the other conditions discussed above, provides an adequate mechanism for the exchange of surveillance sharing information necessary to detect and deter possible market manipulations. Although the Commission recognizes that up to 50% of the portfolio's value may not be covered by comprehensive surveillance agreements, the other requirements will ensure that a significant percentage of the portfolio is not made up of securities from uncovered countries. Further, as to the domestically-traded Fund Shares themselves and the domestic stocks in the underlying index or portfolio upon

which Fund Shares are based, the Intermarket Surveillance Group Agreement will be applicable to the trading of options on Fund Shares.

Finally, the Commission believes that it is appropriate to require minimum margin of 100% of the current market value of the option plus 15% of the market value of the underlying security value ("broad-based margin") for options on Fund Shares based on a broad-based index or portfolio and for options on Fund Shares which have been approved to date. Moreover, the Commission believes that requiring minimum margin of 100% of the current market value of the option plus 20% of the market value of the underlying security value ("narrow-based margin") for options on Fund Shares based on a narrow-based index or portfolio is appropriate. The Commission notes that these margin requirements for options on Fund Shares are comparable to margin requirements that currently apply to broad-based and narrow-based index options on the CBOE and NYSE.¹⁹

The Commission finds good cause for approving the proposed rule change, as amended, (SR-ISE-01-08) prior to the thirtieth day after the date of publication of notice thereof in the **FEDERAL REGISTER**. The Commission notes that the proposed rule change, as amended, is similar to rules previously approved by the Commission for the Amex, CBOE, PHLX, and Pacific Exchange.²⁰ The Commission also observes that the proposed rule change concerns issues that previously have been the subject of a full comment period pursuant to section 19(b) of the Act.²¹ The Commission does not believe that the proposed rule change raises novel regulatory issues that were not addressed in the previous filings. Moreover, the Commission believes that approving the listing and trading of Fund Shares on the ISE will increase industry competitiveness by providing an additional venue for the trading of such issues, to the benefit of the investor. Accordingly, the Commission finds that there is good cause, consistent with section 6(b)(5) of the Act, to

¹⁹ The Commission also notes the ISE will file a proposed rule change to amend its margin rules, if necessary. See Amendment No. 1, *supra* note 3.

²⁰ See Securities Exchange Act Release No. 40157 (July 1, 1998), 63 FR 37426 (July 10, 1998) (SR-Amex-96-44); Securities Exchange Act Release No. 43921 (February 2, 2001), 66 FR 9739 (February 9, 2001) (SR-Phlx-00-107); Securities Exchange Act Release No. 40166 (July 2, 1998), 63 FR 37430 (July 10, 1998) (SR-CBOE-97-03); and Securities Exchange Act Release No. 44025 (February 28, 2001).

²¹ 15 U.S.C. 78s(b).

approve the proposal, as amended, on an accelerated basis.

It is *Therefore Ordered*, pursuant to section 19(b)(2) of the Act,²² that the proposed rule change, as amended, (SR-ISE-01-08) is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²³

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01-6190 Filed 3-12-01; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

[Docket No. 28895]

Airport Privatization Pilot Program

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of public meeting for public comment on the final application of Niagara Falls International Airport, Niagara Falls, New York.

SUMMARY: On March 5, 2001, the Federal Aviation Administration (FAA) published a notice in the **Federal Register** (66 FR 133366) seeking information and comments from interested parties on the final application by the Niagara Frontier Transportation Authority (NFTA) for participation of Niagara Falls International Airport (IAG) in the Airport Privatization Pilot Program. The deadline for submitting comments is May 4, 2001. In an effort to provide the public the opportunity to comment on the final application, the FAA will conduct a public meeting on Monday, March 19, 2001, at Niagara Falls Community College.

DATES: The public meeting will be held on Monday, March 19, 2001, beginning at 7 p.m.

ADDRESSES: The public meeting will be held in the auditorium of the Niagara County Community College, 3111 Saunders Settlement Road, Sanborn, NY. IAG final application is available for public review in the Federal Aviation Administration, Office of Chief Counsel, Attention: Rules Docket (AGC-200), Docket No. 28895, 800 Independence Avenue, SW., Washington, DC 20591. NFTA, the airport sponsor, has also made a copy of the application available at the following locations:

²² 15 U.S.C. 78s(b)(2).

²³ 17 CFR 200.30-3(a)(12).

Buffalo & Erie County Public Library, 1 Lafayette Square, Buffalo, New York, 14202, (716) 858-8900
 Niagara Frontier Transportation Authority, 181 Ellicott Street, Buffalo, New York, 14203, Attn: Ruth Keating, (716) 855-7398
 Earl W. Brydges Public Library, 1425 Main Street, Niagara Falls, New York, 14305, (716) 286-4881
 Niagara Falls International Airport, Niagara Falls Boulevard, Niagara Falls, New York, 14304, (716) 297-4494

Written comments on the IAG final application must be delivered or mailed, in quadruplicate, to: the Federal Aviation Administration, Office of Chief Counsel, Attention: Rules Docket (AGC-200), Docket No. #28895, 800 Independence Avenue, SW., Washington, DC 20591. Written comments must be marked "Docket No. 28895". Commenters wishing the FAA to acknowledge receipt of their comments must include a preaddressed, stamped postcard on which the following statement is made: "Comments to Docket No. 28895." The postcard will be date stamped and mailed to the commenter. Comments on this Notice may be delivered or examined in room 915G on weekdays, except Federal holidays, between 8:30 a.m. and 5:00 p.m. Commenters planning to speak at the public hearing are not required to submit written comments.

FOR FURTHER INFORMATION CONTACT: Kevin C. Willis, Compliance Officer, (202-267-8741), Airport Compliance Division (AAS-400), Office of Airport Safety and Standards, Federal Aviation Administration, 800 Independence Ave. SW, Washington, DC 20591.

SUPPLEMENTARY INFORMATION: Section 149 of the Federal Aviation Administration Authorization Act of 1996, Pub. L. No. 104-264 (October 9, 1996) (1996 Reauthorization Act), added a new § 47134 to Title 49 of the U.S. Code. Section 47134 authorizes the Secretary of Transportation, and through delegation, the FAA Administrator, to exempt a sponsor of a public use airport that has received Federal assistance from certain Federal requirements in connection with the privatization of the airport by sale or lease to a private party. Specifically, the Administrator may exempt the sponsor from all or part of the requirements to use airport revenues for airport-related purposes (upon approval of 65 percent of the air carriers serving the airport and having 65 percent of the landed weight), to pay back a portion of Federal grants upon the sale of an airport, and to return

airport property deeded by the Federal Government upon transfer of the airport. Since Niagara Falls International Airport is a general aviation airport without air carrier service, the 65 percent approval of air carriers is not required. The Administrator is also authorized to exempt the private purchaser or lessee from the requirement to use all airport revenues for airport-related purposes, to the extent necessary to permit the purchaser or lessee to earn compensation from the operations of the airport.

On September 16, 1997, the FAA issued a notice of procedures to be used in applications for exemption under Airport Privatization Pilot Program (62 FR 48693). The notice of procedures and public comments received are available for review in FAA Rules Docket No. 28895.

On June 5, 2000, NFTA filed a final application and selected Cintra Niagara Falls Airport Corporation, USA, as the airport's private operator. Cintra Niagara proposes to lease the airport under a 99-year lease agreement. It plans to market the airport to develop new services such as low cost domestic passenger flights to business and leisure centers, international charters and cargo services. Cintra Niagara will commit \$10.1 million in the initial 13 years for the purposes of operating, managing and developing the airport. \$1.125 million will be used for operating, marketing and capital improvement costs. The remaining \$8.975 million will be used for marketing expenses and to fund the initial five year capital planning period.

The public meeting scheduled for March 19, 2001, will begin at 7 p.m. in the school auditorium of the Niagara County Community College, 3111 Saunders Settlement Road, Sanborn, NY. NFTA, the airport owner, will provide a brief presentation of the privatization initiative followed by public comments on the IAG final application for inclusion in Docket No. 28895 and considered by the FAA in making its decision on the application. American Sign Language interpretative services will be available. Registration for individuals wishing to speak will begin at 6:30 pm directly outside the auditorium. Because the IAG final application is presently before the agency for a decision, the FAA will not be able to discuss the application or the pending agency decision.

Issued in Washington, DC on March 7, 2001.

David L. Bennett,

Director, Office of Airport Safety and Standards.

[FR Doc. 01-6235 Filed 3-12-01; 8:45 am]

BILLING CODE 4910-13-M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

Executive Committee of the Aviation Rulemaking Advisory Committee; Meeting

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of meeting.

SUMMARY: The FAA is issuing this notice to advise the public of a meeting of the Executive Committee of the Federal Aviation Administration Aviation Rulemaking Advisory Committee.

DATES: The meeting will be held April 4, 2001, at 10 a.m.

ADDRESSES: The meeting will be held at the Federal Aviation Administration, 800 Independence Ave., SW., Room 827, Washington, DC 20591.

FOR FURTHER INFORMATION CONTACT: Gerri Robinson, Federal Aviation Administration, 800 Independence Avenue, SW., Washington, DC 20591, telephone (202) 267-9678; fax (202) 267-5075; e-mail Gerri.Robinson@faa.gov.

SUPPLEMENTARY INFORMATION: Pursuant to section 10(a)(2) of the Federal Advisory Committee Act (Pub. L. 92-463; 5 U.S.C. App. II), notice is hereby given of a meeting of the Executive Committee to be held on April 4, 2001, at the Federal Aviation Administration, 800 Independence Ave., SW., Room 827, Washington, DC 20590. The agenda will include:

- Review and approval of previous meeting minutes
- Discussion of the fuel tank design concepts

Attendance is open to the interested public but will be limited to the space available. The FAA will arrange teleconference capability for individuals wishing to participate by teleconference if we receive that notification by March 26, 2001. Arrangements to participate by teleconference can be made by contacting the person listed in the **FOR FURTHER INFORMATION CONTACT** section. Callers outside the Washington metropolitan area will be responsible for paying long distance charges.

The public must make arrangements by March 26, 2001, to present oral statements at the meeting. The public