

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44340; File No. SR-ISE-2001-16]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the International Securities Exchange LLC Related to a Temporary Extension of Allocation Algorithm Pilot

May 22, 2001.

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 May 21, 2001, the International Securities Exchange LLC (the "Exchange" or the "ISE") filed with the Securities and Exchange Commission ("Commission") the proposed rule change described in Items I and II below, which Items have been prepared by the ISE. The Commission is granting accelerated approval of the proposed rule change and 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

The Exchange is proposing to amend Supplementary Material .01 to ISE Rule 713 to temporarily extend, until August 1, 2001, the effectiveness of the Exchange's allocation algorithm pilot, approved by the Commission on May 22, 2000.³ The Exchange is requesting accelerated approval of the proposed rule change so that the current allocation formula will continue to remain in effect on a pilot basis while the Commission considers the Exchange's request for permanent approval of the allocation formula. The text of the proposed rule change is available at the ISE and the Commission.

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 ISE 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 III below. The ISE has prepared

summaries, set forth in sections 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

Under ISE Rule 713, orders sent to the ISE are executed at the best bid or offer first against public-customer limit orders on the ISE's limit order book and then against market maker quotes and professional orders according to an allocation formula. This allocation formula is specified in Supplementary Material .01 to ISE Rule 713. As discussed above, the portion of the allocation formula that gives the primary market maker ("PMM") priority over other market makers and professional orders with respect to orders of five contracts or fewer was approved by the Commission on May 22, 2000 on a one-year pilot basis. According to the Exchange, it will be filing shortly a proposed rule change with the Commission requesting permanent approval of the current allocation formula. The Exchange is requesting that the current pilot be extended until August 1, 2001 so that the current allocation formula will remain in effect while the Commission considers its request for permanent approval.⁴

2. Statutory Basis

The ISE believes that the proposed rule change is consistent with the provisions of section 6(b)(5) of the Act,⁵ which requires that an exchange have rules that are 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 ISE does not believe that the proposed rule change will result in 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

Written comments on the proposed rule change were neither solicited nor received.

III. 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 ISE. All submissions should refer to File No. SR-ISE-2001-16 and should be submitted by June 20, 2001.

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

After careful review, the Commission finds that granting a temporary extension to the existing pilot program relating to the ISE's existing allocation algorithm, as described in the proposed rule change, is consistent with the requirements of section 6 of the Act⁶ and the rules and regulations thereunder applicable to a national securities exchange.⁷ Specifically, the Commission believes the proposal is

⁶ 15 U.S.C. 78f.

⁷ In approving the rule, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 42808 (May 22, 2000), 65 FR 34515 (May 30, 2000).

⁴ Pursuant to the terms of the pilot, the ISE was required to provide the Commission with confidential statistics regarding executions on a quarterly basis. In addition, the ISE was required to lower the size of the orders for which the PMM receives priority if more than 40% of the total volume executed on the ISE (excluding facilitation volume) was comprised of orders for five or fewer contracts executed by PMMs. During the term of the pilot, the Exchange has provided the statistics as required and made no adjustments to the order size for which the PMM receives priority as the percentage of orders for five or fewer contracts executed by PMMs did not approach the 40% threshold. The Exchange will continue to provide the required statistics during the pilot extension.

⁵ 15 U.S.C. 78f(b)(5).

consistent with Section 6(b)(5) of the Act⁸ because it will facilitate transactions in securities, promote just and equitable principles of trade, remove impediments to and perfect the mechanisms of a free and open market, by allowing the ISE to continue to operate its system on a pilot basis until August 1, 2001 according to the established allocation algorithm and allow market participants to rely upon the current features of the ISE's system, until such time as the Commission has the opportunity to review the ISE's request for permanent approval of its allocation algorithm.

The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice thereof in the **Federal Register**. The Commission notes that the ISE has not requested any change to its existing allocation algorithm, which was previously approved by the Commission on a pilot basis. Rather, it has requested only a temporary extension of this pilot program until August 1, 2001, during which time the Commission expects to review the ISE's proposal for permanent approval. The Commission notes that it has received no complaints regarding the operation of the allocation algorithm during the pilot period. The Commission believes, therefore, that granting accelerated approval of the proposed rule change is appropriate and consistent with section 6 of the Act.⁹

It Is Therefore Ordered, pursuant to section 19(b)(2) of the Act,¹⁰ that the proposed rule change is hereby approved on an accelerated basis as a pilot scheduled to expire on August 1, 2001.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01-13529 Filed 5-29-01; 8:45 am]

BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3337]

State of Iowa; Amendment #2

In accordance with a notice received from the Federal Emergency Management Agency, dated May 21, 2001, the above-numbered Declaration is hereby amended to include Henry

and Sac Counties in the State of Iowa as disaster areas caused by flooding and severe storms beginning on April 8, 2001 and continuing.

In addition, applications for economic injury loans from small businesses located in Cherokee, Crawford and Ida Counties in the State of Iowa may be filed until the specified date at the previously designated location. Any counties contiguous to the above named primary counties and not listed here have been previously declared.

All other information remains the same, i.e., the deadline for filing applications for physical damage is July 1, 2001 and for economic injury the deadline is February 1, 2002.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008)

Dated: May 23, 2001.

Herbert L. Mitchell,

Associate Administrator for Disaster Assistance.

[FR Doc. 01-13561 Filed 5-29-01; 8:45 am]

BILLING CODE 8025-01-P

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3340]

Commonwealth of Puerto Rico; Amendment #2

In accordance with a notice received from the Federal Emergency Management Agency, dated May 11, 2001, the above-numbered Declaration is hereby amended to establish the incident period for this disaster as beginning on May 6, 2001 and continuing through May 11, 2001.

All other information remains the same, i.e., the deadline for filing applications for physical damage is July 15, 2001 and for economic injury the deadline is February 15, 2002.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008)

Dated: May 23, 2001.

Herbert L. Mitchell,

Associate Administrator for Disaster Assistance.

[FR Doc. 01-13560 Filed 5-29-01; 8:45 am]

BILLING CODE 8025-01-P

DEPARTMENT OF TRANSPORTATION

Office of the Secretary

Aviation Proceedings, Agreements Filed During the Week Ending May 18, 2001.

The following Agreements were filed with the Department of Transportation under the provisions of 49 U.S.C. 412

and 414. Answers may be filed within 21 days after the filing of the application.

Docket Number: OST-2001-9673

Date Filed: May 14, 2001

Parties: Members of the International Air Transport Association

Subject: PTC2 EUR 0377 dated May 11, 2001, TC2 Within Europe Expedited Resolution 002tt, PTC2 EUR 0378 dated May 11, 2001, TC2 Within Europe Expedited Resolution 002mm, PTC2 EUR 0379 dated May 11, 2001, TC2 Within Europe Expedited Resolution 002o, Intended effective dates: September 1, September 15, September 17, 2001

Docket Number: OST-2001-9674

Date Filed: May 14, 2001

Parties: Members of the International Air Transport Association

Subject: PTC2 EUR 0380 dated May 11, 2001, TC2 Within Europe Expedited Resolution 002p, PTC2 EUR 0381 dated May 11, 2001, TC2 Within Europe Expedited Resolution 002v, Intended effective dates: October 1, November 1, 2001.

Docket Number: OST-2001-9712

Date Filed: May 17, 2001

Parties: Members of the International Air Transport Association

Subject: PTC COMP 0808 dated May 18, 2001, Mail Vote 125—Resolution 010b, TC2/TC23 Special Passenger Amending Resolution from Germany, Intended effective date: June 1, 2001.

Dorothy Y. Beard

Federal Register Liaison.

[FR Doc. 01-13555 Filed 5-29-01; 8:45 am]

BILLING CODE 4910-62-P

DEPARTMENT OF TRANSPORTATION

National Highway Traffic Safety Administration

Petition for Exemption From the Vehicle Theft Prevention Standard; Ford

AGENCY: National Highway Traffic Safety Administration (NHTSA), Department of Transportation (DOT).

ACTION: Grant of petition for exemption.

SUMMARY: This document grants in full the petition of Ford Motor Company (Ford) for an exemption of a high-theft line, the Mercury Grand Marquis, from the parts-marking requirements of the Federal Motor Vehicle Theft Prevention Standard. This petition is granted because the agency has determined that the antitheft device to be placed on the line as standard equipment is likely to be as effective in reducing and deterring motor vehicle theft as compliance with

⁸ 15 U.S.C. 78f(b)(5).

⁹ 15 U.S.C. 78f.

¹⁰ 15 U.S.C. 78s(b)(2).

¹¹ 17 CFR 200.30-3(a)(12).