

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 01-15801 Filed 6-22-01; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44454; File No. SR-CHX-2001-09]

### Self-Regulatory Organizations; The Chicago Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change To Allow Floor Brokers To Clear a Specialist's Post by Telephone

June 20, 2001.

By April 23, 2001, the Chicago Stock Exchange, Inc. ("CHX" 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 permit floor brokers to clear a specialist's post by telephone.

The proposed rule change was published for comment in the **Federal Register** on May 16, 2001.<sup>3</sup> The Commission received no comments on the proposal.

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> because it will expand the ways in which floor brokers may probe the CHX's market, allowing for greater speed and efficiency, while continuing to satisfy the purpose of CHX Article XX, Rule 10.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>7</sup> that the proposed rule change (SR-CHX-2001-09) be, and it hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44438; File No. SR-ISE-2001-13]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the International Securities Exchange LLC Relating to Fee Changes

June 18, 2001.

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> notice is hereby given that on May 15, 2001, the International Securities Exchange LLC ("ISE" 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. The Commission is 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 ISE is proposing the following changes to its fee schedule: (i) To extend its customer fee waiver; (ii) to provide for waivers of fees for multiple "Click" terminals; (iii) to impose certain "cabinet" and "router" fees; and (iv) to provide discounts for multiple "session" fees.

#### 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 IV 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

The purpose of the proposed rule change is to effect the following changes in the ISE's fees.

*Customer fee waiver:* The ISE currently waives customer transaction fees. This waiver is scheduled to expire on May 26, 2001. Because customer fee waivers continue to be part of the competitive landscape, the ISE is proposing to extend this waiver through May 2002.

*"Click" fee waiver:* "Clicks" are ISE order-entry terminals. The Exchange is proposing a one-year pilot program waiving all terminal and related fees for multiple Click order-entry terminals. While the ISE has provided multiple-terminal discounts for Clicks, it believes that a more aggressive program of waiving all fees for the second and subsequent terminals will help generate significant incremental order flow and enhance the Exchange's competitive posture.

*Cabinet and router fees:* The ISE is proposing: (1) a \$2,000 fee to remove computer cabinets from member firms and (2) a \$500 fee for installing or removing routers. These fees will recoup the ISE's costs.

*"Session" fees:* The ISE currently charges market makers \$1,000 for each "log-on" session. Because some members now have a high number of such sessions, it is proposing a multiple-session discount to \$750 for the 21st to 40th session and \$500 per session thereafter.

##### 2. Statutory Basis

The Exchange believes that its proposal to amend its fee schedule as specified above is consistent with Section 6(b)<sup>3</sup> of the Act, in general, and Section 6(b)(4) of the Act,<sup>4</sup> in particular, because 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 of the 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

Written comments were neither solicited nor received.

<sup>10</sup> 17 CFR 200.30-3(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. 44289 (May 10, 2001), 66 FR 27188.

<sup>4</sup> In approving this proposed rule change, the Commission notes that it has considered the proposed 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> 15 U.S.C. 78s(b)(2).

<sup>8</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> 15 U.S.C. 78f(b).

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

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

Because the foregoing rule change establishes or changes a due, fee, or other charge imposed by the Exchange, it has become effective pursuant to Section 19(b)(3)(A)<sup>5</sup> of the Act and subparagraph (f)(2) of Rule 19b-4<sup>6</sup> thereunder. At any time within 60 days of the filing of the 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.

### 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 also will be available for inspection and copying at the principal office of the ISE. All submissions should refer to File No. SR-ISE-2001-13 and should be submitted by July 16, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44453; File No. SR-ISE-01-03]

#### Self-Regulatory Organizations; International Securities Exchange, LLC; Order Granting Approval to Proposed Rule Change Relating to Market Maker Block Transactions

June 20, 2001.

On January 12, 2001, the International Securities Exchange ("ISE") 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 permit market makers to enter block-size orders into the ISE's Block Order mechanism.

The proposed rule change was published for comment in the **Federal Register** on February 8, 2001.<sup>3</sup> The Commission received no comments on the proposal.

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> because it allows ISE market makers to participate in the Block Order Mechanism to the same extent as Electronic Access Members and thus to more easily hedge or liquidate positions resulting from their market making activities on the ISE.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>7</sup> that the proposed rule change (File No. SR-ISE-01-03) be, and it hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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<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. 43290 (February 2, 2001), 66 FR 9613.

<sup>4</sup> In approving this proposed rule change, the Commission notes that it has considered the proposed 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> 16 U.S.C. 78s(b)(2).

<sup>8</sup> 17 CFR 200.30-3(a)(12).

### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44450; File No. SR-NYSE-00-30]

#### Self-Regulatory Organizations; Order Granting Approval to Proposed Rule Change by the New York Stock Exchange, Inc. Amending NYSE Rule 104

June 19, 2001.

### I. Introduction

On June 29, 2000, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "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 NYSE Rule 104. On February 21, 2001, the Exchange filed Amendment No. 1 to the proposed rule change with the Commission.

The proposed rule change, as presented in Amendment No. 1, was published for comment in the **Federal Register** on March 9, 2001.<sup>3</sup> No comments were received on the proposal. This order approves the proposal, as amended.<sup>4</sup>

### II. Description of the Proposal

Current, NYSE Rule 104 requires specialists to obtain Floor Official approval when purchasing on a direct plus tick or selling on a direct minus tick, or when purchasing on a zero plus tick more than 50% of the stock offered. These transactions are considered destabilizing, and therefore require Floor Official approval to effect. The Exchange is proposing to amend NYSE Rule 104.10(7) to permit specialists to effect these destabilizing transactions, under certain circumstances, to bring the price of a listed foreign security into parity with the price of a foreign ordinary security.

Specifically, in order for a specialist to effect a destabilizing transaction under the proposed rule, the price of the transaction to bring the security into parity (a) must be based on the last sale

<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. 44033 (March 2, 2001), 66 FR 14239.

<sup>4</sup> The Commission has requested from the Exchange an explanation of the surveillance procedures it intends to implement to ensure that specialists comply with the proposed rule as amended. This approval order is contingent upon the Commission's finding that such surveillance procedures are adequate.

<sup>5</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>6</sup> 17 CFR 240.19b-4(f)(2).

<sup>7</sup> 17 CFR 200.30-3(a)(12).