effect of such order, the registration of such company shall cease to be in effect.

2. Section 3(c)(1) of the Act provides that an issuer is not an investment company within the meaning of the Act if its outstanding securities (other than short-term paper) are beneficially owned by not more than 100 persons and it is not making and does not propose to make a public offering of its securities.

3. Applicant states that it is not an investment company within the meaning of section 3(c)(1) of the Act because its outstanding securities are owned by one natural person and it is not making and does not presently propose to make a public offering of its securities.

4. Applicant will conduct its business so as to remain exempt from registration as an investment company pursuant to section 3(c)(1) or another provision of the Act. Applicant will adopt procedures reasonably designed to ensure that it remains exempt from registration under the Act. Applicant estimates that it will wind up operations and liquidate its remaining assets within 30 days of the date of the requested ordered. Accordingly, applicant requests that the SEC issue an order declaring that it has ceased to be an investment company.

For the SEC, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01–15849 Filed 6–22–01; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–44449; File No. SR–Amex–2001–29]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the American Stock Exchange LLC Relating to the Implementation of Automatic Execution for Exchange Traded Funds on a Six-Month Pilot Basis

June 19, 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 8, 2001, the American Stock Exchange LLC (''Amex'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. On May 24, 2001, June 12, 2001, and June 18, 2001, respectively, the Amex filed Amendment Nos. 1, 2, and 3 to the proposed rule change with the Commission.[3] The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. For the reasons discussed below, the Commission is granting accelerated approval of the proposed rule change.

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

The Amex proposes to adopt Exchange Rule 128A to implement an automatic execution feature for eligible orders in Exchange Traded Funds (''ETFs'') on a six-month pilot basis. The text of the proposed rule change follows. Proposed new language is in *italics.*

* * * * *

Automatic Execution For Exchange Traded Funds

Rule 128A. The Exchange shall determine the size and other parameters of orders eligible for execution by its Automatic Execution System (Auto-Ex). An Auto-Ex eligible order for any account in which the same person is directly or indirectly interested may only be entered at intervals of no less than 30 seconds between entry of each such order in a security. Members and member organizations are responsible for establishing procedures to prevent orders in a security for any account in which the same person is directly or indirectly interested from being entered at intervals of less than 30 seconds.

Commentary

.01 Auto-Ex eligible orders for Exchange Traded Funds (''ETFs'') must be round lot, market or marketable limit orders for 2,000 shares or less received by the Exchange electronically. Orders for an account in which a market maker in ETFs registered as such on another market has an interest are ineligible for Auto-Ex for ETFs. Notice concerning Auto-Ex eligibility criteria will be provided to members periodically via Exchange circulars and will be posted on the Exchange's web site.

.02 Upon the request of a specialist, the Auto-Ex Enhancements Committee (''Committee'') will review and approve, disapprove or conditionally approve requests to increase the size of Auto-Ex eligible orders above 2,000 shares. The Committee will balance the interests of investors, the specialist, Registered Options Traders in the crowd, and the Exchange in determining whether to grant a request to increase the size of Auto-Ex eligible orders above 2,000 shares. The Committee also will consider a request from a specialist to reduce the size of Auto-Ex eligible orders balancing the same interests that the Committee would consider in determining whether to increase the size of Auto-Ex eligible orders.

.03 Upon the request of a specialist, a Floor Governor may reduce the size of Auto-Ex eligible orders below 2,000 shares or increase the size of Auto-Ex eligible orders up to 5,000 shares if such action is appropriate in view of system problems or unusual market conditions. Any such change in the size of Auto-Ex eligible orders will be temporary and will only last until the end of the unusual market condition or the correction of the system problem.

Auto-Ex eligible orders will be routed to the specialist and will not be automatically executed in situations where the specialist in conjunction with a Floor Governor or two Floor Officials determine that quotes are not reliable and if the Exchange is experiencing communications or systems problems, ''fast markets,'' or delays in the dissemination of quotes.

Members and member organizations will be notified when the size of Auto-Ex eligible orders is adjusted due to system problems or unusual market conditions. Members and member organizations also will be notified when the Exchange has determined that quotes are not reliable and the Exchange is experiencing communications or systems problems, ''fast markets,'' or delays in the dissemination of quotes prior to disengaging Auto-Ex.

.04 When the Amex establishes the NBBO (National Best Bid or Offer), Auto-Ex will be programmed to execute eligible incoming ETF orders at the Amex Published Quote (''APQ'') plus a programmable number of trading increments with respect to the Amex bid (with respect to incoming sell orders), and less a programmable number of trading increments with respect to the Amex offer (with respect to incoming buy orders). The amount of price improvement relative to the APQ will be determined by the Committee.

When the Amex does not establish the NBBO, Auto-Ex will be programmed to execute eligible incoming ETF orders at or better than the NBBO up to a specified number of trading increments relative to the APQ. Auto-Ex will

---

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The substance of Amendment Nos. 1, 2, and 3 is incorporated into this notice.

execute eligible incoming orders at an improved price relative to the APQ unless a trade through would result of an away ITS participant market. If a trade through would result, the orders will be routed to the Amex specialist for execution. The extent to which Auto-Ex will better the APQ in order to match or improve the NBBO (if the Amex does not establish the NBBO) will be determined by the Committee.

Auto-Ex will be unavailable (i) with respect to incoming sell orders when the published bid on the Amex is for 100 shares, and (ii) with respect to incoming buy orders when the published offer on the Amex is for 100 shares. Auto-Ex also will be unavailable when the spread between the bid and offer on the Amex exceeds a specified minimum or maximum value. The Committee will determine the spread in the APQ at which Auto-Ex will be unavailable.

The Committee will act upon the request of a specialist and will balance the interests of investors, the specialist, Registered Options Traders in the crowd, and the Exchange in determining (i) the amount of price improvement that will be programmed into Auto-Ex when the Amex establishes the NBBO, (ii) the extent to which Auto-Ex will better the APQ in order to match or improve the NBBO (if the Amex does not establish the NBBO), and (iii) the spread in the APQ at which Auto-Ex will be unavailable.

.05 Specialists and Registered Options Traders that sign-on to Auto-Ex will be automatically allocated to contra side of Auto-Ex trades for ETFs according to the following schedule:

Number of ROTs signed on the Auto-Ex in a crowd	Approximate number of trades allocated to the specialist throughout the day (''target ratio'') (percent)	Approximate number of trades allocated to ROTs signed on to Auto-Ex throughout the day (''target ratio'') (percent)
1	60	40
2–4	40	60
5–7	30	70
8–15	25	75
16 or more	20	80

At the start of each trading day, the sequence in which trades will be allocated to the specialist and Registered Options Traders signed-on to Auto-Ex will be randomly determined. Auto-Ex trades then will be automatically allocated in sequence on a rotating basis to the specialist and to the Registered Options Traders that have signed-on to the system so that the specialist and the crowd achieve their ''target ratios'' over the course of a trading session. If an Auto-Ex eligible order is greater than 100 shares, Auto-Ex will divide the trade into lots of 100 shares each. Each lot will be considered a separate trade for purposes of determining target ratios and allocating trades within Auto-Ex.

.06 The Committee may delegate its authority to one or more Floor Governors. The Committee will meet promptly to review a Governor's decision in the event that a Governor acts pursuant to delegated authority.

* * * * *

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 III below. The Exchange 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

Since 1986, the Exchange has had an automatic order execution feature (''Auto-Ex'') for eligible orders in listed options. The Chicago Board Options Exchange, Philadelphia Stock Exchange, and Pacific Exchange established similar automatic option order execution features at about the same time as the Amex, and the newest options exchange, the International Securities Exchange, also features automatic order execution. Auto-Ex, accordingly, has been a standard feature of the options markets for a number of years.

In 1993, the Amex commenced trading Standard and Poor's Depositary Receipts® (''SPDRs®''), the first ETF to be listed and traded on the Exchange. ETFs are individual securities that represent a fractional, undivided interest in a portfolio of securities. Currently, approximately 100 ETFs are listed on the Amex. Like an option, an ETF is a derivative security, and, according to the Amex, its price is a function of the value of the portfolio of securities underlying the ETF. Thus, as is the case with options, the Exchange asserts that it is not the price discovery market for ETFs and that the price discovery market is the market or markets where the underlying securities trade.

The Exchange now proposes to extend its current Auto-Ex technology on a six-month pilot basis to ETFs listed under Amex Rules 1002, 1002A, and 1202. The Amex represents that Auto-Ex for ETFs would provide investors that send eligible orders to the Exchange with faster executions than they currently receive. The Exchange believes that many investors desire rapid executions in trading securities that are priced derivatively since the value of the underlying instruments may fluctuate during order processing. The Amex, moreover, proposes to incorporate a price improvement algorithm into Auto-Ex for ETFs and thus to provide investors with better execution prices on their orders. The price improvement algorithm would work in the following manner:

When the Amex establishes the National Best Bid or Offer (''NBBO''),[4] Auto-Ex would be programmed to execute eligible incoming ETF orders at the Amex Published Quote (''APQ'') plus a programmable number of trading increments with respect to the Amex bid, and less a programmable number of trading increments in the case of the Amex offer. For example, if the Amex

[4] In this context, the term ''establish'' means that the APQ is currently at the NBBO, regardless of whether or not the Amex was the first exchange to be at that price. Telephone conversation between William Floyd-Jones, Assistant General Counsel, Amex, and Ira L. Brandriss, Special Counsel, Division of Market Regulation (''the Division''), the Commission, on June 14, 2001.

Published Quote were 90.10 to 90.20, and the APQ constituted the NBBO, incoming sell orders might be automatically executed at 90.12 (the Amex bid plus two ticks) and incoming buy orders might be executed at 90.18 (the Amex offer less two ticks).

If the Amex does not establish the NBBO, Auto-Ex would be programmed to execute eligible incoming ETF orders at or better than the NBBO up to a specified number of trading increments relative to the APQ.[5] Auto-Ex would execute an eligible order at an improved price relative to the APQ unless such execution would result in a trade-through with respect to the price of an away market that is a participant in the Intermarket Trading System (''ITS''). If a trade-through would result, the order would be routed to the specialist for electronic processing through the Amex Point of Sale (''POS'') Book.[6]

For example, assume that Auto-Ex is programmed to execute the order at the Amex bid plus two ticks. If the Amex bid were 90, and an away ITS market were bidding 90.01, an incoming sell order would be automatically executed on the Amex at 90.02. Continuing with this example, if the away market were bidding 90.02, an incoming sell order would be automatically executed on the Amex at 90.02 (matching the away market). If the away market were bidding 90.03, the incoming sell order would not be automatically executed. Instead, it would be routed to the specialist for electronic processing through the Amex POS Book.

The amount of price improvement the system would provide, both when the Amex establishes the NBBO and when it does not, would be determined by the Auto-Ex Enhancements Committee (''Committee'') upon the request of a specialist and may differ among ETFs. The Committee will consist of the Exchange's four Floor Governors and the Chairmen (or their designees) of the Specialists Association, Options Market Makers Association and the Floor Brokers Association, respectively. The Exchange anticipates that the amount of price improvement would vary among securities based upon such factors as the width of the spread, the volatility of the basket of securities underlying the ETF, and liquidity of available hedging vehicles. The proposal would permit the amount of price improvement to be adjusted intra-day by the Committee.

The proposal further provides that Auto-Ex for ETFs with price improvement would be unavailable when the spread is at a specified minimum and maximum variation, which may be adjusted security to security. The Committee would determine, upon the request of a specialist, the minimum and maximum spreads at which Auto-Ex is unavailable. Auto-Ex would also be unavailable with respect to incoming sell orders when the Amex bid is for 100 shares, and it similarly would be unavailable with respect to incoming buy orders when the Amex offer is for 100 shares.

Orders that are otherwise Auto-Ex eligible orders would also be routed to the specialist and not automatically executed in situations where the specialist in conjunction with a Floor Governor or two Floor Officials determine that quotes are not reliable and the Exchange is experiencing communications or systems problems, ''fast markets,'' or delays in the dissemination of quotes. Members and member organizations would be notified when the Exchange has determines that quotes are not reliable prior to disengaging Auto-Ex.

Specialists and Registered Options Traders (''ROTs'') that sign onto the system would be automatically allocated the contra side of Auto-Ex trades for ETFs. Due to the automatic price improvement feature, the specialist and ROTs that sign onto Auto-Ex for ETFs would be deemed to be on parity for purposes of allocating the contra side of ETF Auto-Ex trades. The Exchange proposes to use the following methodology for the allocation of the contra side to Auto-Ex ETF trades:

Number of ROTs signed on to Auto-Ex in a crowd	Approximate number of trades allocated to the specialist throughout the day (''target ratio'') (percent)	Approximate number of trades allocated to ROTs signed on to Auto-Ex throughout the day (''target ratio'') (percent)
1	60	40
2–4	40	60
5–7	30	70
8–15	25	75
16 or more	20	80

At the start of each trading day, the sequence in which trades are to be allocated to the specialist and ROTs signed onto Auto-Ex would be randomly determined. Auto-Ex trades then would be automatically allocated in sequence on a rotating basis to the specialist and to the ROTs that have signed onto the system so that the specialist and the crowd achieve their ''target ratio's'' over the course of a trading session. If an Auto-Ex eligible order were greater than 100 shares, Auto-Ex would divide the trade into lots of 100 shares each. Each lot would be considered a separate trade for purposes of determining target ratios and allocating trades within Auto-Ex.

Round lot orders delivered to the post electronically for 2,000 shares or less would be eligible for Auto-Ex for ETFs. Orders for an account in which a market maker in ETFs registered as such on another market has an interest would be ineligible for Auto-Ex for ETFs. If orders for such market makers were eligible for Auto-Ex with price improvements, the Exchange represents that Amex specialists and ROTs would be unable to make markets with the proposed liquidity for other investors. (Orders for Amex Registered Traders are ineligible for Auto-Ex for ETFs pursuant to Commentaries .04 and .05 to Rule 111 and Amex Rule 950(c).)

The proposed rule change also stipulates that Auto-Ex eligible orders

[5] The number of trading increments designated for price improvement when the Amex establishes the NBBO may be different than the number of increments designated for price improvement when the Amex does not establish the NBBO. Telephone conversation between William Floyd-Jones, Assistant General Counsel, Amex, and Ira L. Brandriss, Special Counsel, the Division, the Commission, on June 4, 2001.

[6] Once an order that is Auto-Ex eligible is sent to the Exchange, the person that initiated the order has no control over its execution. This is the case regardless of whether the order is executed by Auto-Ex or is executed by the specialist because Auto-Ex is unavailable. If the order is routed to the specialist for handling because Auto-Ex is unavailable, the specialist does not know if the order is for the account of a broker-dealer or for the account of a customer. This information is in the Exchange's order processing systems and is unavailable to the specialist.

for any account in which the same person is directly or indirectly interested may be entered only at intervals of 30 seconds or more between the entry of each such order in an ETF. The Exchange indicates that Amex specialists and ROTs are willing to provide Auto-Ex with price improvement for orders of a certain size. If persons were allowed to enter more than one Auto-Ex eligible order for an account in which they had a direct or indirect interest at intervals of less than 30 second, according to the Exchange, Amex specialists and ROTs would be unable to make markets with the proposed liquidity for all investors. Members and member organizations would be responsible for establishing procedures to prevent orders for any account in which the same person is directlyu or indirectly interested from being entered at intervals of less than 30 seconds with respect to an ETF.

The proposed rule change provides that the specialist may request the Exchange to increase the maximum size of Auto-Ex eligible orders. Such request would be reviewed by the Committee, which would approve, disapprove, or conditionally approve such requests. The Committee would balance the interests of investors, the specialist, ROTs in the crowd, and the Exchange in determining whether to grant a request to increase the size of Auto-Ex eligible orders.

The Committee also would consider requests from the specialist or ROTs to reduce the size of Auto-Ex eligible orders, balancing the same interests that it would consider in reviewing a request to increase the size of Auto-Ex eligible orders. The Committee would not be permitted, however, to reduce the size of Auto-Ex eligible orders below 2,000 shares.

In addition, the Committee may delegate its authority under proposed Rule 128A to one or more Floor Governors. The Committee, however, would meet promptly to review a Floor Governor's decision in the event that a Floor Governor acts pursuant to delegated authority.

The proposal further provides that in the event of system problems or unusual market conditions, a Floor Governor would be permitted to reduce the size of Auto-Ex eligible orders below 2,000 shares or increase the size of Auto-Ex eligible orders up to 5,000 shares. Any such change would be temporary and would last only until the end of the unusual market condition or the correction of the system of the system problem. Members and member organizations would be notified when the size of Auto-Ex eligible orders is adjusted due to system problems or unusual market conditions.

The Chairman and Vice Chairman of the Exchange, acting jointly, would determine which ETFs are eligible for Auto-Ex.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act [7] in general and furthers the objectives of Section 6(b)(5) [8] in particular in that 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 engage 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; and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers.

The Amex believes that proposed rule change will provide investors with faster executions in ETFs than currently are available on the Exchange, which many investors desire in trading securities that are priced derivatively since the value of the underlying security or index may fluctuate during the process of their orders. The Amex believes that the proposal also will facilitate the comparison and settlement of trades, since Auto-Ex transactions result in ''locked-in'' trades. Moreover, the Amex notes that Auto-Ex for ETFs will automatically provide investors with price improvement of their orders.

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

The proposed rule change will impose no burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposal, in fact, will enhance competition among markets and market makers and thereby benefit investors by allowing the Exchange to provide Auto-Ex for ETFs with price improvement. The exclusion of orders for the account of registered market makers in other markets from eligibility for Auto-Ex will benefit investors by allowing Amex specialists and market makers to make tighter and more liquid markets in ETFs available through Auto-Ex both to public customers and to broker-dealers that are not registered as market makers in the security.

[7] 15 U.S.C. 78f.

[8] 15 U.S.C. 78f(b)(5).

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 with respect to the proposed rule change.

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, D.C. 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 in the Commission's Public Reference Room. Copies of the filing will also be available for inspection and copying at the principal offices of the Amex. All submissions should refer to File No. SR–Amex–2001–29 and should be submitted by July 16, 2001.

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

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 [9] and, in particular, the requirements of Section 6 of the Act [10] 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.[11] First, Auto-Ex for ETFs will provide investors with faster execution of eligible orders. This can be particularly important in the case of derivative securities like ETFs, since their prices are based on baskets of other securities and can readily change over

[9] 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).

[10] 15 U.S.C. 78f.

[11] 15 U.S.C. 78f(b)(5).

the course of time it takes to process orders manually.

Moreover, the Amex proposal will offer investors an additional benefit by allowing their orders in many cases to be executed at better prices than the NBBO. At the same time, orders entering the system are protected against receiving automatic execution at prices inferior the NBBO. A further advantage of the proposed system is that by executing trades automatically, Auto-Ex will facilitate comparison and settlement of trades, thereby enhancing efficiency.

The Commission believes that the authority granted to the Auto-Ex Enhancements Committee to change the minimum and maximum size of Auto-Ex orders and to adjust the price improvement increments to be offered by the system, based on changing circumstances and variables and the balancing of various interests as noted above, is a reasonable means of helping ensure flexible, fair, and orderly operation of the system.

As discussed above, the proposed rule change bars the successive entry of Auto-Ex orders on behalf of the same person within a 30-second interval. The Commission believes that this restriction should help reduce market risk exposure and, at the same time, provide a clear and objective standard for members and member organizations with respect to the entry of orders otherwise eligible for Auto-Ex on Behalf of the same person.

The Commission further believes that the proposed methodology for the allocation of Auto-Ex orders among the specialist and ROTs fairly assigns the specialist a certain guaranteed percentage of each order in recognition of the specialist's contribution to the market and the extra risks and burdens the specialist assumes. At the same time, the allocation methodology preserves a sufficient share of incoming orders for execution by the ROTs in the crowd to assure that they can maintain their competitive presence in the market.

The Amex represents that a member that submits an order into Auto-Ex, including an order for its own account, will have no control over its execution, neither when the order is automatically executed nor when it is routed to the specialist. The Amex further represents that the specialist receiving the order will be unable to tell whether that order is for the account of a member or a customer. The Commission thus believes that transactions effected under the proposed rule change will meet the criteria set forth in Rule 1a2–2(T)(a)(2) under the Act.[12]

Finally, the Commission notes that the proposed rule change provides that Auto-Ex will be unavailable in certain situations. In approving the proposal, the Commission notes that in no way does Amex Rule 128A exempt market participants from their obligations under Rule 11Ac1–1(c)(2) (the "Firm Quote Rule").[13]

The Amex has requested that the Commission find good cause pursuant to Section 19(b)(2) of the Act[14] for approving the proposed rule change prior to the 30th day after publication in **Federal Register**. The Amex is concerned that it would be placed at competitive disadvantage relative to other market centers—which, it states, have already, or soon will, offer automatic execution of ETF orders—if it is not permitted to promptly begin offering Auto-Ex for ETFs.

The Commission notes, as the Amex points out, that the Exchange will be using the same Auto-Ex system with which it has long provided automatic execution for eligible options orders. In addition, the Commission notes that a recent rule change to Amex's Auto-Ex system for options provides for price improvement and certain order-eligibility parameters to be determined by the same Committee that would decide price improvement and order-eligibility parameters in the ETC context.[15] The Commission also recently considered the issue of restricting successive entry of orders by members of an exchange on behalf of the same beneficial owner within a specified time period, and approved exchange rules that do so.[16]

[12] Rule 11a2–2(T)(a)(2) provides, in brief, that a member of an exchange "initiating member") may effect a transaction on the exchange for its own account, the account of an associated person, on an account over which it or an associated person exercises investment discretion of (i) the transaction is executed on the floor of the exchange or through its facilities by a member that is not associated with the initiating member; (ii) the order is transmitted from off the exchange floor; (iii) neither the initiating member nor any associated person participates in the execution of the order after it has been transmitted; and (iv) in transactions for accounts over which the member or associated person exercises investment discretion, neither the member nor associated person retains compensation in connection with effecting the transaction unless expressly provided otherwise in writing by the person authorized to transact business for the account. 17 CFR 240.11a2–2(T)(a)(2).

[13] *See* 17 CFR 140.11Ac1–1(c)(2).

[14] 15 U.S.c. 78s(b)(2).

[15] *See* Securities Exchange Act Release No. 44013 (February 28, 2001), 66 FR 13816 (March 7, 2001).

[16] *See. e.g.,* Securities Exchange Act Release No. 44017 (February 28, 2001), 66 FR 13820 (March 7, 2001) (ordering approving File No. SR–ISE–00–20).

The Commission believes that the proposed rule change extending Auto-Ex to ETFs and implementing various other features, including price improvement and the prohibition on members submitting orders for the same person within 30 seconds of each other, raises no significant new regulatory issues. Moreover, Amex is proposing Auto-Ex for ETFs as six-month pilot program, which will enable the Exchange and the Commission to evaluate its operation before the program can be renewed. The Commission therefore finds good cause to accelerate approval of the proposed rule change prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register**.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[17] that the proposed rule change (File No. SR–Amex–2001–29) be, and hereby is, approved on an accelerated basis as a pilot program through December 19, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[18]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01–15850 Filed 6–22–01; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–44443; File No. SR–CBOE–2001–22]

Self-Regulatory Organizations; Notice of Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating to Permanent Approval of the Pilot Program to Eliminate Position and Exercise Limits for OEX, SPX, and DJX Index Options

June 18, 2001.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on May 14, 2001, the Chicago Board Options Exchange, Incorporated ("CBOE" 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 CBOE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

[17] 15 U.S.C. 78s(b)(2).

[18] 17 CFR 200.30–3(a)(12)

[1] 15 U.S.C. 78(b)(1).

[2] 17 CFR 240.19b–4.