

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.³

Jonathan G. Katz,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44535; File No. SR-CHX-2001-15]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Stock Exchange, Incorporated to Extend Pilot Rule Interpretation Relating to Trading of Nasdaq/NM Securities in Subpenny Increments

July 10, 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 July 6, 2001, the Chicago Stock Exchange, Incorporated ("CHX" 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 Exchange filed the proposal pursuant to Section 19(b)(3)(A) of the Act,³ and Rule 19b-4(f)(6)⁴ thereunder, which renders the proposal effective upon filing with the Commission.⁵ 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 Exchange proposes to extend through November 5, 2001 the pilot rule interpretation relating to the trading of Nasdaq/NM securities in subpenny increments. The pilot is due to expire on July 9, 2001. The CHX does not propose to make any substantive or typographical changes to the pilot; the only change is an extension of the pilot's expiration date through November 5, 2001. The text of the

proposed rule change is available at the Commission and at the CHX.

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 CHX included statements concerning the purpose of and basis for its proposal and discussed any comments it received regarding the proposal. The text of these statements may be examined at the places specified in Item IV below. The CHX 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

On April 6, 2001, the Commission approved, on a pilot basis through July 9, 2001, a proposed rule change (CHX Article XXX, Rule 2, Interpretation and Policy .06 "Trading in Nasdaq/NM Securities in Subpenny Increments")⁶ that requires a CHX specialist (including a market maker who holds customer limit orders) to better the price of a customer limit order in his book which is priced at the national best bid or offer ("NBBO") by at least one penny if the specialist determines to trade with an incoming market or marketable limit order. The pilot, which was approved in conjunction with exemptive relief granted by the Commission to allow for trading in Nasdaq/NM securities in subpenny increments, is due to expire on July 9, 2001.

The Exchange is not proposing any substantive or typographical changes in the pilot; rather, the Exchange merely proposes that the pilot remain in effect through November 5, 2001.⁷

⁶ See Securities Exchange Act Release No. 44164 (April 6, 2001), 66 FR 19263 (April 11, 2001) (SR-CHX-2001-07).

⁷ In February, 2001, the Commission extended the effective date of the Exchange's decimal-related pilot rules through July 9, 2001, the date by which national securities exchanges and the National Association of Securities Dealers, Inc. were required to submit their rule filings to establish minimum price variations for the quoting of equity securities or options. See Securities Exchange Act Release Nos. 43974 (February 16, 2001), 66 FR 11621 (February 26, 2001) (SR-CHX-2001-03) and 42914 (June 8, 2000), 65 FR 38010 (June 19, 2001). These July 9th rule filings were scheduled to follow the submission of studies by each market that describe the impact of decimalization of trading behavior, capacity and liquidity and that likely would offer insights into any other rule changes that would be necessary to maintain fair and orderly markets. In a recent order, the Commission extended the dates by which both these studies and related rule filings must be submitted. See Securities Exchange Act

2. Statutory Basis

The CHX believes the proposal is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b).⁸ The CHX believes the proposal is consistent with Section 6(b)(5) of the Act⁹ in that it is designed to promote just and equitable principles of trade, to remove impediments to, and to 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 Exchange does not believe that the proposed rule change will impose any inappropriate burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

No written comments were either solicited or received.

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

Because the foregoing proposed rule change does not:

- (i) Significantly affect the protection of investors or the public interest;
- (ii) impose any significant burden on competition; and

(iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁰ and Rule 19b-4(f)(6) thereunder.¹¹ 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.

The Exchange has requested that the Commission accelerate the operative date. The Commission finds good cause

Review Release No. 44336 (May 22, 2001), 66 FR 29368 (May 30, 2001). The Exchange is now requesting that its decimalization-related pilot rule interpretation relating to trading of Nasdaq/NM securities in subpenny increments be extended through November 5, 2001, the new date for filing of exchange proposed rule changes.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(6).

³ 17 CFR 200.30-3(a)(1).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

⁵ The Exchange has asked the Commission to waive the 5-day pre-filing requirement and the 30-day operative delay to allow the proposal to be effective upon filing with the Commission. The Commission has agreed to do both. See Rule 19b-4(f)(6). 17 CFR 250.19b-4(f)(6).

to designate the proposal to become operative immediately because such designation is consistent with the protection of investors and the public interest. Acceleration of the operative date will allow the pilot to continue uninterrupted through November 5, 2001, the deadline for which self-regulatory organizations must file proposed rule changes to set the minimum price variation for quoting in a decimals environment. For these reasons, the Commission finds good cause to designate that the proposal is both effective and operative upon filing with the Commission.¹²

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposal 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 in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the CHX. All submissions should refer to file number SR-CHX-2001-15 and should be submitted by August 7, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹³

Margaret H. McFarland,

Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3350]

State of Pennsylvania, Amendment #1

In accordance with notices received from the Federal Emergency

Management Agency, dated July 6, 2001, the above-numbered Declaration is hereby amended to include Berks County as a disaster area caused by Tropical Storm Allison occurring on June 15, 2001. In addition, the Declaration is also amended to establish the incident period as occurring June 15 through June 23, 2001.

In addition, applications for economic injury loans from small businesses located in Lancaster, Lebanon and Schuylkill Counties in the State of Pennsylvania 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 August 20, 2001 and for economic injury the deadline is March 20, 2002.

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

Dated: July 11, 2001.

Herbert L. Mitchell,

Associate Administrator for Disaster Assistance.

[FR Doc. 01-17788 Filed 7-16-01; 8:45 am]

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SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3345]

State of West Virginia; Amendment #4

In accordance with a notice received from the Federal Emergency Management Agency, dated June 11, 2001, the above numbered declaration is hereby amended to establish the incident period as beginning on May 15, 2001 and continuing through June 11, 2001.

In accordance with notices received from the Federal Emergency Management Agency, dated July 10, 2001, the Declaration is also amended to reestablish the incident period for this disaster as beginning on May 15, 2001 and continuing. This notice also includes Doddridge and Fayette Counties in the State of West Virginia as disaster areas caused by flooding, severe storms, and landslides beginning on May 15, 2001 and continuing.

In addition, applications for economic injury loans from small businesses located in Harrison, Lewis, Tyler and Wetzel Counties in the State of West Virginia 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 August 2, 2001, and for loans for economic injury is March 4, 2002.

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

Dated: July 10, 2001.

James E. Rivera,

Acting Associate Administrator for Disaster Assistance.

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SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3339]

State of Wisconsin; Amendment #6

In accordance with a notice received from the Federal Emergency Management Agency, dated July 6, 2001, the above-numbered Declaration is hereby amended to include Barron County as a disaster area caused by flooding, severe storms and tornadoes occurring between April 10, 2001 and continuing.

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 August 10, 2001 and for economic injury the deadline is February 11, 2002.

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

Dated: July 11, 2001.

Herbert L. Mitchell,

Associate Administrator for Disaster Assistance.

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration (FAA)

Notice of Opportunity for Public Comment on Surplus Property Release at Gastonia Municipal Airport, Gastonia, NC

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice.

SUMMARY: Under the provisions of Title 49, U.S.C. Section 47153(c), notice is being given that the FAA is considering a request from the City of Gastonia to waive the requirement that a 19.9 acre parcel of surplus property, located at the

¹² For purposes only of accelerating the operative date of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹³ 17 CFR 200.30-3(a)(12).