

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁶

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44840; File No. SR-ISE-00-11]

Self-Regulatory Organizations; Order Approving Proposed Rule Change and Amendment No. 1 by the International Securities Exchange LLC Relating to Membership Qualifications

September 24, 2001.

On November 28, 2000, the International Securities Exchange LLC ("ISE" 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"),¹ and Rule 19b-4 thereunder,² a proposed rule change to revise ISE Rule 302, "Qualification of Members." On July 2, 2001, the ISE filed Amendment No. 1 to the proposal.³ The proposal, as amended, would eliminate the requirement in current ISE Rule 302(b) that an ISE member be organized under the laws of one of the states of the United States or under other laws that the ISE's Board of Directors approves. In addition, the proposal would revise ISE Rule 302(b) to provide that an ISE member that does not maintain an office in the United States responsible for preparing and maintaining financial and other reports required to be filed with the Commission and the ISE must: (1) Prepare all such reports, and maintain a general ledger chart of account and any description thereof, in English and U.S. dollars; (2) reimburse the ISE for any expense incurred in connection with examinations of the member to the

extent that such expenses exceed the cost of examining a member located within the continental United States; and (3) ensure the availability of an individual fluent in English and knowledgeable in securities and financial matters to assist representatives of the ISE during examinations.

The proposed rule change and Amendment No. 1 were published for comment in the *Federal Register* on July 24, 2001.⁴ No comments were received regarding the proposal, as amended. This order approved the proposed rule change, as amended.

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 and, in particular, the requirements of Section 6 of the Act⁵ and the rules and regulations thereunder.⁶ Specifically, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act⁷ because it is designed to facilitate the examination of foreign-based ISE members, thereby helping to ensure that foreign-based members comply with the ISE's rules and the federal securities laws.

For the foregoing reasons, the Commission finds that the proposal, as amended, is consistent with the requirements of the Act and rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁸ that the proposed rule change (SR-ISE-00-11), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44826; File No. SR-Phlx-2001-75]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change and Amendment No. 1 Thereto by the Philadelphia Stock Exchange, Inc. Relating to the Listing and Trading of Trust Issued Receipts

September 20, 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 August 17, 2001, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change, and amended such proposed rule change on September 10, 2001,³ as described in Items I and II below, which Items have been prepared by the Phlx. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons and to approve the proposal and Amendment No. 1 on an accelerated basis.

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

The Phlx, pursuant to Rule 19b-4 under the Act,⁴ proposes to amend Phlx Rule 803(j) to adopt generic listing standards to allow for the listing and trading of trust issued receipts ("TIRs") pursuant to Rule 19b-4(e) under the Act⁵ and to provide eligibility requirements for a component security that became part of a trust when the security was either: (a) Distributed by a company already included as a component security in the series of TIRs; or (b) received in exchange for the securities of a company previously included as a component security and

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ In Amendment No. 1, the Phlx additionally proposes to amend Phlx Rule 803(j) to provide eligibility requirements for a component security that became part of a trust when the security was either: (a) Distributed by a company already included as a component security in the series of TIRs; or (b) received in exchange for the securities of a company previously included as a component security and that are no longer outstanding due to a merger, consolidation, corporate combination or other event. See letter from John Dayton, Assistant Secretary and Counsel, Phlx, to Nancy Sanow, Assistant Director, Division of Market Regulation ("Division"), SEC, dated September 7, 2001 ("Amendment No. 1").

⁴ 17 CFR 240.19b-4.

⁵ 17 CFR 240.19b-4(e).

⁴ See Securities Exchange Act Release No. 44567 (July 18, 2001), 66 FR 38445.

⁵ 15 U.S.C. 78f.

⁶ In approving this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁷ 15 U.S.C. 78f(b)(5).

⁸ 15 U.S.C. 78s(b)(2).

⁹ 17 CFR 200.30-3(a)(12).

¹⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Amendment No. 1 eliminated a provision that would have amended ISE Rule 302 to state that an ISE member must be a member of at least one other national securities exchange registered under Section 6 of the Act, 15 U.S.C. 78f, or a national securities association registered under Section 15A of the Act, 15 U.S.C. 78o-3, that is designated responsibility for examining the ISE member for compliance with applicable financial responsibility rules pursuant to Rule 17d-1 under the Act, 17 CFR 240.17d-1. Amendment No. 1 notes that all ISE members currently are required to be members of another self-regulatory organization and that it would be necessary for the ISE to submit a rule change to the Commission before permitting any ISE member to be a member solely of the ISE.