standards in the current market environment has had an anticompetitive effect on the ISE. Specifically, the Exchange states that it cannot list several of the more actively-traded options classes because the price of the underlying securities has fallen below the initial listing requirement since the time the options were listed on the other exchanges. Because the underlying securities remain above the continue listing criteria, the other options exchanges may continue to trade options on these securities—and list additional series—while the ISE cannot begin listing any options on these securities.[3]

To address this situation, the Exchange proposes an alternative listing requirement solely with respect to the underlying security's price during the three calendar months preceding listing. Specifically, ISE Rule 502(b)(5) currently provides that the market price per share of the underlying security must have been at least $7.50 for the majority of business days during the three calendar months preceding the date of selection for listing. The ISE proposes to amend ISE Rule 502(b)(5) to provide that, for underlying securities that satisfy all of the initial listing requirements other than the $7.50 per share price requirement, the ISE would be permitted to list options on the securities so long as: (1) The underlying security meets the guidelines for continued approval contained in ISE Rule 503; (2) options on such underlying security are traded on at least one other registered national securities exchange; and (3) the average daily trading volume for such options over the last three calendar months preceding the date of selection has been at least 5,000 contracts.

The ISE states that it has narrowly drafted the proposed rule change to address the circumstances where an actively-traded options class is currently ineligible for listing on the ISE. The ISE notes that when an underlying security meets the continued listing requirements and at least one other exchange trades options on the underlying security, the options already are available to the investing public. Therefore, the ISE notes that the current proposal will not introduce any additional listed options classes.

The ISE notes that it has limited the proposed rule change to options that are actively-traded by requiring that the average daily trading volume for the options be at least 5,000 contracts over the last three calendar months. Thus, the ISE maintains that the proposed alternative listing standard would be limited to options with volume in the top half of all options, indicating that there is widespread investor interest in the options. Because these options are actively-traded in other markets, the ISE believes that there would be no investor protection concerns with listing the options on the ISE. In addition, the ISE believes that listing these options on the ISE would enhance competition and benefit investors.

(2) Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements under section 6(b)(5) of the Act[4] that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

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

The proposed rule change does not impose 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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

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

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding, or (ii) as to which the Exchange consents, the Commission will:

(A) by order approve such proposed rule change; or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

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 in the Commission's Public Reference Room. Copies of such filings will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR–ISE–2001–33 and should be submitted by December 21, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[5]

Margaret H. McFarland,

Deputy Secretary.

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[3] According to the Exchange, two of the 50 most-actively traded securities, Lucent and Northern Telecom, currently fall into this category. The Exchange asserts that the only reason they fail to meet the initial listing criteria is that they do not meet the $7.50 per share stock price test.

[4] 15 U.S.C. 78f(b)(5).

[5] 17 CFR 200.30–3(a)(12).

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

Approval of Noise Compatibility Program for Hilo International Airport, Hilo, HI

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice.

SUMMARY: The Federal Aviation Administration (FAA) announces its findings on the Noise Compatibility Program submitted by the State of Hawaii, Department of Transportation under the provisions of Title I of the Aviation Safety and Noise Abatement Act of 1979 (Pub. L. 96–193) and Title 14, Code of Federal Regulations, Part 150 (FAR part 150). These findings are made in recognition of the description of Federal and nonfederal responsibilities in Senate Report No. 96–52 (1980). On November 28, 2000, the FAA determined that the noise exposure maps submitted by the State of Hawaii, Department of Transportation under FAR Part 150 were in compliance with applicable requirements. On

October 24, 2001, the Acting Associate Administrator for Airports approved the Hilo International Airport Noise Compatibility Program. All eight of the program measures have been approved. Two measures were approved as voluntary measures and six measures were approved outright.

EFFECTIVE DATE: The effective date of the FAA's approval of the Hilo International Airport Noise Compatibility Program is October 24, 2001.

FOR FURTHER INFORMATION CONTACT: David J. Welhouse, Airport Planner, Honolulu Airports District Office, Federal Aviation Administration, Box 50244, Honolulu, Hawaii 96850–0001, Telephone: (808) 541–1243. Street Address: 300 Ala Moana Blvd., Room 7–128. Documents reflecting this FAA action may be received at this location.

SUPPLEMENTARY INFORMATION: This notice announces that the FAA has given its overall approval to the Noise Compatibility Program for the Hilo International Airport, effective October 24, 2001.

Under section 104(a) of the Aviation Safety and Noise Abatement Act of 1979 (hereinafter referred to as ''the Act''), an airport operator who has previously submitted a Noise Exposure Map may submit to the FAA a Noise Compatibility Program which sets forth the measures taken or proposed by the airport operator for the reduction of existing noncompatible land uses and prevention of additional noncompatible land uses within the area covered by the Noise Exposure Maps. The Act requires such program to be developed in consultation with interested and affected parties including local communities, government agencies, airport users, and FAA personnel.

Each airport Noise Compatibility Program developed in accordance with FAR part 150 is a local program, not a Federal program. The FAA does not substitute its judgment for that of the airport proprietor with respect to which measures should be recommended for action. The FAA's approval or disapproval of FAR part 150 program recommendations is measures according to the standards expressed in FAR part 150 and is limited to the following determinations:

a. The Noise Compatibility Program was developed in accordance with the provisions and procedures of FAR part 150;

b. Program measures are reasonably consistent with achieving the goals of reducing existing noncompatible land uses around the airport and preventing the introduction of additional noncompatible land uses;

c. Program measures would not create an undue burden on interstate or foreign commerce, unjustly discriminate against types or classes of aeronautical uses, violate the terms of airport grant agreements, or intrude into areas preempted by the Federal Government; and

d. Program measures relating to the use of flight procedures can be implemented within the period covered by the program without derogating safety, adversely affecting the efficient use and management of the navigable airspace and air traffic control systems, or adversely affecting other powers and responsibilities of the Administrator prescribed by law.

Specific limitations with respect to FAA's approval of an airport Noise Compatibility Program are delineated in FAR Part 150, § 150.5. Approval is not a determination concerning the acceptability of land uses under Federal, state, or local law. Approval does not by itself constitute an FAA implementing action. A request for Federal action or approval to implement specific noise compatibility measures may be required, and an FAA decision on the request may require an environmental assessment of the proposed action. Approval does not constitute a commitment by the FAA to financially assist in the implementation of the program nor a determination that all measures covered by the program are eligible for grant-in-aid funding from the FAA. Where Federal funding is sought, requests for project grants must be submitted to the FAA Airports District Office in Honolulu, Hawaii.

The State of Hawaii, Department of Transportation submitted to the FAA on December 29, 2000, the noise exposure maps, descriptions, and other documentation produced during the noise compatibility planning study conducted from April 1998 through December 2000. The Hilo International Airport noise exposure maps were determined by FAA to be in compliance with applicable requirements on November 28, 2000. Notice of this determination was published in the Federal Register on December 21, 2000.

This Hilo International Airport study contains a proposed Noise Compatibility Program comprised of actions designed for phased implementation by airport management and adjacent jurisdictions from the date of study completion to the year 2005. It was requested that the FAA evaluate and approve this material as a Noise Compatibility Program as described in section 104(b) of the Act. The FAA began its review of the program on April 27, 2001 and was required by a provision of the Act to approve or disapprove the program within 180 days (other than the use of new flight procedures for noise control). Failure to approve or disapprove such program within the 180-day period shall be deemed to be an approval of such program.

The submitted program contained eight proposed actions for noise mitigation on and off the airport. The FAA completed its review and determined that the procedural and substantive requirements of the Act and FAR Part 150 have been satisfied. The Acting Associate Administrator for Airports approved the overall program effective October 24, 2001.

All eight program measures were approved. The following two measures were approved as voluntary measures: Publish an Informal Preferential Runway Use Program and request use of certain flight procedures; and, Restrictions on Military Training Operations. The following six measures were approved outright: Continue to study the possible land exchange with Hawaiian Home Lands to locate suitable State or private lands which could be exchanged for Keaukaha Tract 1 and 2 lands within the 60 DNL contour; Sound attenuation barrier; Sound attenuation treatment of impacted structures; Continue to monitor development proposals in the Hilo International Airport environs and disclose Airport Noise Exposure Maps to the community; Disclose the Base Year and 5-Year Noise Exposure Maps to the local community by providing overlays of the noise contours on a Tax Map; and, Annually monitor Hilo International Airport aircraft noise levels and operations at Hilo International Airport and conduct public informational meetings on the progress of the Part 150 program.

These determinations are set forth in-detail in a Record of Approval endorsed by the Administrator on October 24, 2001. The Record of Approval, as well as other evaluation materials and the documents comprising the submittal, are available for review at the FAA office listed above and at the administrative offices of the State of Hawaii.

Issued in Hawthorne, California on November 28, 2001.

Herman C. Bliss,

Manager, Airports Division.

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