

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 Amex. All submissions should refer to File No. SR-Amex-2002-06 and should be submitted by February 27, 2002.

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

**Margaret H. McFarland,**  
Deputy Secretary.

[FR Doc. 02-2865 Filed 2-5-02; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45351; File No. SR-PCX-2001-51]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Pacific Exchange, Inc., Relating to Schedule of Fees and Charges for Options Market Share Shortfall Fee, Surcharge Fee, and Options Issue Transfer Fee

January 29, 2002.

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 December 26, 2001, the Pacific Exchange, Inc. ("PCX" or "Exchange") filed with the Securities and Exchange Commission

("Commission" or "SEC") 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 PCX proposes to modify its Schedule of Fees and Charges to reflect a new options market share shortfall fee, surcharge fee, and options issue transfer fee.

#### 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 PCX 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 PCX 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

###### Option Market Share Shortfall Fee

The Exchange is proposing to adopt a new Lead Market Maker ("LMM") shortfall fee, of \$.35 per contract, to be paid by the LMM allocated any "Top 120 Option" if at least 10 percent of the total national monthly contract volume ("total volume") for such Top 120 Option is not achieved on the PCX in that month.<sup>3</sup> A "Top 120 Option" is defined by the proposal as one of the 120 most actively traded equity options in terms of the total number of contracts traded nationally for a specified month based on volume reflected by the Options Clearing Corporation ("OCC")<sup>4</sup>.

The PCX states that at the end of each trading month, the total number of contracts executed on the PCX (the "PCX volume") in a particular Top 120 Option will be subtracted from the amount that represents 10 percent of the

total national volume for that option ("10% total volume") to determine the number of contracts that represent the "shortfall" for that Top 120 Option for purposes of calculating this fee.

Specifically, the PCX will apply the following calculation: 10% total volume minus PCX volume equals the shortfall volume. If the shortfall volume is a number of contracts greater than zero, the shortfall volume will be multiplied by \$.35 per contract to determine the LMM shortfall fee for that month for that Top 120 Option.<sup>5</sup>

In sum, if the PCX fails to garner 10 percent of the total volume for a particular month for a Top 120 Option, the LMM for that Top 120 Option would be required to pay the Exchange the LMM shortfall fee for each contract that falls below 10 percent up to the amount that would represent 10 percent of the total volume for that option.<sup>6</sup>

The total volume for purposes of the 10 percent threshold is based on the current month's volume.<sup>7</sup> However, the determination of whether an equity option is considered a Top 120 Option for purposes of the fee is based on a different time period. The Top 120 Options for January will be based on November's volume. Thereafter, the Exchange will continue the two-month differentiation, so that February's Top 120 Options will be based on December's volume, and March's Top 120 Options will be based on January's volume, and so forth.

The purpose of the proposed rule change is to amend PCX's schedule of dues, fees and charges to impose a fee for any deficiency between what the PCX actually traded and 10 percent of the total volume for each respective month. PCX intends the proposed fee to provide the PCX with the approximate revenue it would have received had a Top 120 Option traded at least 10 percent of the total volume in a given month on the PCX. The PCX represents that the options LMM shortfall fee

<sup>5</sup> If the result of the first equation (10% total volume minus PCX volume) was negative, meaning the PCX volume exceeded 10% total volume for a Top 120 Option, then there would be no shortfall to which the LMM shortfall fee would apply. Under the proposal, any excess volume (over the 10% total volume target) could not be carried over to another month, nor could any excess volume in one option be assigned to another option. Telephone conversation between Cindy Sink, Senior Attorney, Regulatory Policy, PCX, and Ira Brandriss, Special Counsel, and John Riedel, Attorney-Advisor, Division of Market Regulation ("Division"), Commission, January 15, 2002 ("Telephone conversation with the PCX").

<sup>6</sup> Telephone conversation with the PCX.

<sup>7</sup> For example, for the month of December, the LMM shortfall fee would apply to 10 percent of total December volume minus the PCX December volume.

<sup>7</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> The shortfall fee is similar to the Philadelphia Stock Exchange's shortfall fee. See Securities Exchange Act Release No. 43201 (August 23, 2000), 65 FR 52465 (August 29, 2000).

<sup>4</sup> The PCX intends to divide by two the total volume amount reported by OCC, which reflects both sides of an executed transaction, thus avoiding one trade being counted twice for purposes of determining overall volume.

generally parallels the amount that the Exchange would have received if an equity option contract were traded on the PCX with an LMM.<sup>8</sup>

Pursuant to PCX rules, options are allocated to LMMs based on certain factors. LMMs submit written applications that include the LMMs experience and capitalization, a demonstration of the LMM's ability to trade the particular option, and any other reasons why the LMM believes it should be assigned or allocated the security.<sup>9</sup> Once an option is allocated to an LMM, certain performance reviews may be conducted.<sup>10</sup> A Top 120 Option is unique and may require specific qualifications as determined by the Options Allocation Committee ("OAC") and strategic efforts.

Moreover, the PCX believes that the options traded by the LMM and the transactions related thereto, may be especially valuable to that LMM and to the Exchange due to their potential profitability. Therefore, the Exchange believes that the LMM should compete for order flow in the national market, because that LMM is the key party responsible for marketing and receiving order flow in that particular option. The PCX believes that an LMM's willingness to apply to be or continue to be an LMM in a Top 120 Option, in light of the shortfall fees, is an important tangible demonstration of commitment to making the efforts required to achieve at least a 10 percent national volume level at the PCX.

The Exchange believes that it is necessary to continue to attract order flow to the Exchange in order to remain competitive. The proposed fee should encourage LMMs to vigorously compete for order flow, which not only enhances the LMM's role, but also provides additional revenue to the Exchange. Moreover, the Exchange expects that LMMs' efforts to maintain at least 10 percent of the total volume should contribute to deeper, more liquid

<sup>8</sup> The \$.35 is intended by the PCX to represent the following amounts, which, the PCX believes, may be generated by a trade on the PCX with an LMM: a \$.21 LMM transaction fee, an estimated \$.06 from Options Price Reporting Authority (recognizing that tape revenue can fluctuate significantly due to changes in trade and pool size), and a \$.05 options comparison fee, all of which could have been collected by the Exchange per contract traded by the crowd. Transactions not involving an LMM would generate less revenue. The above listing of fees commonly charged in an LMM transaction does not represent the fees generated by every such transaction, but has been utilized by the PCX on a general basis, with room for fluctuation, to calculate what it believes to be an appropriate shortfall fee. Telephone conversation with the PCX.

<sup>9</sup> See PCX Rule 6.82(e)(1).

<sup>10</sup> See PCX Rule 6.82(f).

markets and tighter spreads. Thus, competition should be enhanced, and important auction market principles preserved.

The above-described proposed fee will be effective the January 2002 trade month.

#### Surcharge Fee

The Exchange proposes to adopt a surcharge fee of 2.5% on the total amount billed on regular PCX member monthly invoices. The rate will be applied to total invoice amounts excluding registered representative fees, marketing fees and member dues and fines. This fee includes fees, charges, and pass through fees, and applies only to Options billings, not Equities and Clearing billings. The PCX states that the purpose of the fee is to generate revenue for the Exchange.

The above-described proposed fee will be effective the January 2002 trade month.

#### Options Issue Transfer Fee

The Exchange proposes to establish a new fee for transfers of options issues. The fee imposes a charge of \$1000 per option issue transferred upon the transferor. PCX Rule 6.82(e) provides for allocation of option issues to LMMs by the Options Allocation Committee ("OAC"). The OAC selects the candidate who appears best able to perform the functions of an LMM in the designated option issue. Factors to be considered for selection include, but are not limited to, experience with trading the option issue; adequacy of capital; willingness to promote the Exchange as a marketplace; operational capacity; support personnel; history of adherence to Exchange rules and securities laws; and trading crowd evaluations.<sup>11</sup> Issues may only be transferred by a firm or between nominees with the express approval of the OAC.<sup>12</sup> To transfer issues, the transferor must file an application with the Exchange. That application is posted to the floor for comment. After the comment period, the OAC evaluates and approves or denies the transfer. The Exchange researches the relevant statistics for the OAC evaluation. Each issue transferred expends Exchange resources.

Transfers of issues were first permitted in June 2000. Since that time, the Exchange has processed 37 transfers involving over 452 issues. The PCX states that the purpose of the fee is to cover administrative fees relating to transfers.

<sup>11</sup> See PCX Rule 6.82(e)(1).

<sup>12</sup> See PCX Rule 6.82(e)(2).

The above described proposed transfer fee will be effective January 1, 2002.

#### 2. Statutory Basis

The Exchange believes that the proposal is consistent with section 6(b) of the Act,<sup>13</sup> in general, and section 6(b)(4),<sup>14</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among its members.

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

The Exchange does not believe that the proposed rule change will 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

Written comments were not solicited or received with respect to the proposed rule change.

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

The foregoing rule change has become effective pursuant to section 19(b)(3)(A) of the Act<sup>15</sup> and subparagraph (f)(2) of Rule 19b-4<sup>16</sup> thereunder, because it establishes or changes a due, fee, or other charge imposed by the Exchange. At any time within 60 days of the filing of a rule change pursuant to section 19(b)(3)(A) of the Act, the Commission may summarily abrogate the 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

<sup>13</sup> 15 U.S.C. 78f(b).

<sup>14</sup> 15 U.S.C. 78f(b)(4).

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

<sup>16</sup> 17 CFR 240.19b-4(f)(2).

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 PCX. All submissions should refer to file number SR-PCX 2001-51 and should be submitted by February 27, 2002.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>17</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 02-2792 Filed 2-5-02; 8:45 am]

**BILLING CODE 8010-01-P**

## DEPARTMENT OF STATE

[Public Notice #3885]

### Notice of Meetings; United States International Telecommunication Advisory Committee, Radiocommunication Sector

The Department of State announces a meeting of the U.S. International Telecommunication Advisory Committee. The purpose of the Committee is to advise the Department on policy and technical issues with respect to the International Telecommunication Union (ITU).

The ITAC will meet from 1 to 5 on Wednesday, February 20, 2002 to complete preparations for ITU-R Study Group 6 (Broadcasting). This meeting will be held in room 8-B411 at the Federal Communications Commission, 445 12th St., SW., Washington, DC, 20554.

Members of the general public may attend these meetings. Directions to meeting location and actual room assignments may be determined by e-mailing [holidaycc@state.gov](mailto:holidaycc@state.gov).

Attendees may join in the discussions, subject to the instructions of the Chair. Admission of participants will be limited to seating available.

Dated: January 30, 2002.

**Cecily Holiday,**

*Director, Radiocommunication, U.S. Department of State.*

[FR Doc. 02-2862 Filed 2-5-02; 8:45 am]

**BILLING CODE 4710-45-P**

## DEPARTMENT OF STATE

[Notice Number 3883]

### Shipping Coordinating Committee; Notice of Meeting

The Shipping Coordinating Committee, will conduct an open meeting at 9:30 a.m. on Tuesday, February 26, 2002, in Room 2415 at U.S. Coast Guard Headquarters, 2100 Second Street, SW., Washington, DC. The purpose of this meeting will be to review the agenda items to be considered at the forty-seventh Session of the International Maritime Organization (IMO) Marine Environment Protection Committee (MEPC 47) to be held at the IMO headquarters in London from 4 through 8 March 2002. Proposed U.S. positions on the agenda items for MEPC 47 will be discussed. The major items for discussion for MEPC 47 include the following:

- a. Harmful aquatic organisms in ballast water;
- b. Recycling of ships;
- c. Prevention of air pollution from ships;
- d. Implementation of the Convention on the Prevention on Oil Pollution Preparedness, Response and Co-operation (OPRC) and the OPRC Protocol on Preparedness, Response and Co-operation to Pollution Incidents by Hazardous and Noxious Substances, 2000 and relevant conference resolutions;
- e. Interpretation and amendments of Convention on the Prevention of Oil Pollution from Ships (MARPOL 73/78) and related Codes;
- f. Harmful effects of the use of anti-fouling paints for ships;
- g. Identification and protection of Special Areas and Particularly Sensitive Sea Areas;
- h. Inadequacy of reception facilities;
- i. Promotion of implementation and enforcement of MARPOL 73/78 and related Codes;
- j. Preparation for the Ten-Year Review Conference of the United Nations Conference on Environment and Development (RIO+10);
- k. Future role of formal safety assessment and human element issues; and
- l. Matters related to the 1973 Intervention Protocol.

Please note that hard copies of documents associated with MEPC 47 will not be available at this meeting. Documents will be available in Adobe Acrobat format on CD-ROM on the day of the meeting. To requests documents prior to the meeting date, please write to the address provided below or

download the documents from our web site.

Members of the public are invited to attend this meeting up to the seating capacity of the room. For further information, or to submit views in advance of the meeting, please contact Lieutenant Dave Beck, U.S. Coast Guard, Environmental Standards Division (G-MSO-4), 2100 Second Street, SW., Washington, DC 20593-0001; telephone (202) 267-0713; fax (202) 267-4690, e-mail [dbeck@comdt.uscg.mil](mailto:dbeck@comdt.uscg.mil); or on-line at: <http://www.uscg.mil/hq/g-m/mso/mso4/mepc.html>.

Dated: January 28, 2002.

**Stephen M. Miller,**

*Executive Secretary, Shipping Coordinating Committee, Department of State.*

[FR Doc. 02-2861 Filed 2-5-02; 8:45 am]

**BILLING CODE 4710-45-P**

## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### Notice Before Waiver With Respect to Land at Virginia Highlands Airport, Abingdon, Virginia

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Notice of intent of waiver with respect to land.

**SUMMARY:** The FAA is publishing notice of proposed release of 0.45 acres of land at the Virginia Highlands Airport, Abingdon, Virginia to Highlands Properties, Inc. in exchange for 1.4 acres of land within the Runway Protection Zone. There are no impacts to the Airport and the land is not needed for airport development as shown on the Airport Layout Plan. Fair Market Value of the land has been assessed for both parcels and will be an even exchange for the Airport Sponsor.

**DATES:** Comments must be received on or before March 8, 2002.

**ADDRESSES:** Comments on this application may be mailed or delivered in triplicate to the FAA at the following address: Terry J. Page, Manager, FAA Washington Airports District Office, P.O. Box 16780, Washington, DC 20041-6780.

In addition, one copy of any comments submitted to the FAA must be mailed or delivered to Ronald Deloney, Airport Manager, Virginia Highlands Airport, at the following address: Ronald Deloney, Airport Manager, Virginia Highlands Airport Commission, P.O. Box 631, Abingdon, Virginia 24212-0631.

**FOR FURTHER INFORMATION CONTACT:** Mr. Terry Page, Manager, Washington

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