Commission believes that the existing eQPriority pilot provides beneficial services to investors. Acceleration of the operative date will allow the pilot program to continue without interruption and ensure that the benefits of the program do not lapse. Accordingly, the Commission waives the 30-day pre-operative period, and the proposed rule change may become operative immediately.[11]

Rule 19b–4(f)(6) also requires the self-regulatory organization to provide the Commission written notice of its intent to file the proposed rule change at least five business days before doing so (or such shorter time as designated by the Commission). Amex also has requested that the Commission waive this five-day pre-filing requirement. For the same reasons that it is waiving the 30-day pre-operative period, the Commission also waives the five-day pre-filing period.

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.

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 filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-Amex-2002–14 and should be submitted by April 8, 2002.

[11] 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. See 15 U.S.C. 78c(f).

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[12]

Margaret H. McFarland,

Deputy Secretary.

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[12] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–45537; File No. SR–BSE–2002–02]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 by the Boston Stock Exchange, Inc. to Delete References to Fractional Pricing From BSE Rules

March 12, 2002.

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 February 15, 2002, the Boston Stock Exchange, Inc. (''BSE'' 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. On March 1, 2002, the BSE amended the proposed rule change.[3] The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The Exchange proposes to amend its Rules to delete all references to fractional pricing increments in accordance with the decimals conversion in the equity marketplace. The text of the proposed rule change is available at the BSE and at the Commission.

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 Exchange 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 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to amend the following Rules to eliminate all references to fractional pricing increments in relation to equity securities: Chapter II, Section 41; Chapter XXIV, Section 5, Interpretations and Policies, Paragraph .10; Chapter XXIV–B, Section 5, Interpretations and Policies, Paragraph .01(e), and Paragraph .05; and Chapter XXXI, Section 3.

2. Statutory Basis

The BSE believes that the proposed rule change is consistent with section 6(b)(5) of the Act,[4] in that it is designed to foster cooperation and coordination with persons engaged in regulating securities transactions, 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.

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

No written comments were either solicited or received.

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 BSE consents, the Commission will:

A. By order approve such proposed rule change, or

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

[2] 17 CFR 240.19b–4.

[3] *See* February 28, 2002 letter from John A. Boese, Assistant Vice President, Legal and Regulatory, BSE to Alton Harvey, Chief, Office of Market Watch, Division of Market Regulation, SEC (''Amendment No. 1''). In Amendment No. 1, the BSE asked that the proposed rule change be considered pursuant to Section 19(b)(2) of the Act. 15 U.S.C. 78s(b)(2).

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

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 filing will also be available for inspection and copying at the principal office of the BSE. All submissions should refer to file number SR–BSE–2002–02 and should be submitted by April 8, 2002.

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

Margaret H. McFarland,

Deputy Secretary.

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[5] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–45542; File No. SR–CBOE–2001–65]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange Inc. To Permit a Single Response From Market Makers to a Request To Execute a Large Order

March 12, 2002.

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 December 17, 2001, the Chicago Board Options Exchange, Inc. (''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 CBOE filed an amendment to the proposed rule change on March 6, 2002.[3] The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

[2] 17 CFR 240.19b–4.

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

The CBOE proposes to amend CBOE Rule 8.7 to permit a single response from market makers to a request to execute a large order. The text of the proposed rule change is set forth below. Additions are in italics.

CHAPTER VIII

Market-Makers, Trading Crowds and Modified Trading Systems Section A: Market-Makers

Rule 8.7 Obligations of Market Makers

(a)–(c) No change.

...Interpretations and Policies:

.01–.10 No change.

.11 *The obligation of Market-Makers to make competitive markets under Rule 8.7 does not preclude members in a trading crowd from discussing a request for a market that is greater than the RAES order eligibility size for that option class, for the purpose of making a single bid (offer) based upon the aggregate of individual bids (offers) by members in the trading crowd, but only when the member representing the order asks for a single bid (offer). Whenever a single bid (offer) pursuant to this paragraph is made, such bid (offer) shall be a firm quote and each member of the trading crowd participating in the bid (offer) shall be obligated to fulfill his portion of the single bid (offer) at the single price.*

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 CBOE 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 CBOE 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

The CBOE is submitting the proposed rule change pursuant to subparagraph IV.B.j of the Commission's September 11, 2000 Order,[4] which requires that certain options exchanges, including the CBOE, adopt new, or amend existing, rules to make express any practice or procedure ''whereby market makers trading any particular option class determine by agreement the spreads or option prices at which they will trade any option class * * * .'' Although market makers compete against each other and, when applicable, against the Designated Primary Market Maker (''DPM''), Lead Market Maker, or Supplemental Market Maker (''SMM''), the proposed new Interpretation and Policy .11 to CBOE Rule 8.7 would expressly provide for a limited situation where the CBOE believes that market makers necessarily are required to coordinate with each other.[5] Specifically, proposed Interpretation and Policy .11 to CBOE Rule 8.7 would permit market makers to coordinate in the limited situation where a member requests a single bid or offer from the trading crowd for an order that is greater in size than the Exchange's Retail Automatic Execution System (''RAES'') order eligibility size for that option class, as determined by the Exchange's appropriate Floor Procedure Committee.

When a request to buy or sell a large number of options is submitted to a trading crowd, the CBOE believes that it is usually the case that the customer on whose behalf the request is made wants to know promptly at what single price all of the options represented by the request could be bought or sold. In the exercise of his fiduciary duty, the member representing such a large order is permitted to request a jointly made single bid or offer to ensure that his

[3] *See* letter from Patrick Sexton, Assistant General Counsel, CBOE, to Deborah Flynn, Assistant Director, Division of Market Regulation (''Division''), dated March 4, 2002 (''Amendment No. 1''). Amendment No. 1 deletes a footnote from the original filing that stated that a member would be viewed as having requested a single bid or offer if the member expressed to a trading crowd that generally he or she expected a single bid or offer for any order of greater than the RAES order eligibility size, unless he or she requested otherwise in a specific circumstance.

[4] *See* Order Instituting Public Administrative Proceedings Pursuant to Section 19(h)(1) of the Securities Exchange Act of 1934, Making Findings and Imposing Remedial Sanctions. Securities Exchange Act Release No. 43268 (September 11, 2000).

[5] As set forth in CBOE Rules 8.80 and 8.85, respectively, the term ''market-makers'' includes DPMs and each DPM is obligated to fulfill all of the obligations of a market-maker under CBOE rules, in addition to fulfilling the specific obligations of a DPM.