

Act.<sup>9</sup> The Commission finds specifically that the proposed rule change is consistent with section 6(b)(5) of the Act<sup>10</sup> because the proposed rule change requires NYSE listed companies to obtain shareholder consent in a manner that is consistent with federal securities laws.

As noted above, listed companies would be permitted to hold a special meeting of shareholders to take corporate action and nothing in NYSE rules require companies to use one method over the other to obtain shareholder approval of corporate action. Rather, the changes being approved to the NYSE rules simply permit listed companies to utilize consent as an alternative to shareholder approval only when and as permitted by applicable federal securities laws and state laws. Shareholder approval at a special meeting and consent under the conditions noted above would be the only two ways for listed companies to take corporate action under NYSE rules when shareholder approval is required. In approving the proposal, we note that the federal security law requirements help to ensure, among other things, that all shareholders receive adequate disclosure prior to such corporate action being taken.

Based on the above, the Commission believes the changes should remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest; and are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

*It is Therefore Ordered*, pursuant to section 19(b)(2) of the Act,<sup>11</sup> that the proposed rule change (SR–NYSE–2002–01), as amended by Amendment No. 1, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–46633; File No. SR–OC–2002–02]

### Self-Regulatory Organization; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by OneChicago, LLC Relating to Block Trades

October 10, 2002.

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b–7 under the Act,<sup>2</sup> notice is hereby given that on September 6, 2002, OneChicago LLC (“OneChicago” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change described in Items I, II, and III below, which Items have been prepared by OneChicago. On September 30, 2002, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>3</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons. OneChicago also has filed the proposed rule change with the Commodity Futures Trading Commission (“CFTC”). OneChicago filed a written certification with the CFTC under Section 5c(c) of the Commodity Exchange Act<sup>4</sup> on September 5, 2002.

#### I. Self-Regulatory Organization’s Description of the Proposed Rule Change

OneChicago is proposing to amend its Rule 417, relating to block trades, in the following two respects: First, paragraph (c) of OneChicago Rule 417 is amended to provide that the parties to a block trade must report specified information regarding such trade to OneChicago promptly, rather than within a time period prescribed by OneChicago on a contract-by-contract basis. In addition, the Exchange proposes to add new paragraphs (e) and (f) into OneChicago Rule 417 to restrict the ability of market participants to engage in certain transactions related to a block trade until such trade has been reported. Finally, OneChicago proposes to redesignate existing paragraph (e) of OneChicago Rule 417 as paragraph (g). The text of the proposed rule change

follows; additions are italicized; deletions are [bracketed].

#### Rule 417 Block Trading

\* \* \* \* \*

(c) Each Block Trade shall be designated as such, and cleared through the Clearing Corporation as if it were a transaction executed through the OneChicago System. Information identifying the relevant Contract, contract month, price, quantity, time of execution, counterparty Clearing Member for each Block Trade and, if applicable, the underlying commodity must be reported to the Exchange [within the time period set forth in the rules governing the relevant Contract] *promptly*. The Exchange will publicize information identifying the trade as a Block Trade and identifying the relevant Contract, contract month, price, quantity for each Block Trade and, if applicable, the underlying commodity immediately after such information has been reported to the Exchange.

(d) No Change.

(e) *No Clearing Member or Exchange Member that is a party to a Block Trade or has knowledge of a pending Block Trade, may enter an Order or execute a transaction, whether for its own account or for the account of a Customer, for or in the Contract to which such Block Trade relates until after (i) such Block Trade has been reported to and published by the Exchange and (ii) any additional time period from time to time prescribed by the Exchange in its block trading procedures or contract specifications has expired.*

(f) *No Clearing Member or Exchange Member that is a party to a block trade, or has knowledge of a pending block trade, on any other exchange or trading system, may enter an Order or execute a transaction on the Exchange for any Contract which has the same underlying security as the contract to which such block trade relates until after (i) such block trade is reported and published in accordance with the rules, procedures or contract specifications of such exchange or trading system and (ii) any additional time period prescribed by the Exchange in its block trading procedures or contract specifications has expired.*

(g) Any Block Trade in violation of these requirements shall constitute conduct which is inconsistent with just and equitable principles of trade.

\* \* \* \* \*

<sup>1</sup> 15 U.S.C. 78s(b)(7).

<sup>2</sup> 17 CFR 240.19b–7.

<sup>3</sup> See letter dated September 30, 2002, from C. Robert Paul, General Counsel, OneChicago, to Division of Market Regulation, Commission. In Amendment No. 1, the Exchange added language setting forth the statutory basis for the proposed rule change.

<sup>4</sup> 7 U.S.C. 7a–2(c).

<sup>9</sup> 15 U.S.C. 78f.

<sup>10</sup> 15 U.S.C. 78f(b)(5).

<sup>11</sup> 15 U.S.C. 78s(b)(2).

<sup>12</sup> 17 CFR 200.30–3(a)(12).

## II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

OneChicago has prepared statements concerning the purpose of, and basis for, the proposed rule change, burdens on competition, and comments received from members, participants, and others. The text of these statements may be examined at the places specified in Item IV below. These statements are set forth in Sections A, B, and C below.

### A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

#### 1. Purpose

OneChicago proposes to amend its block trade rule as set forth in Item I above in order to (i) ensure prompt reporting of information related to block trades and (ii) restrict the ability of market participants to engage in certain transactions related to a block trade until such trade has been reported.

The proposed change to paragraph (c) of OneChicago Rule 417 is designed to tighten the existing requirement relating to the reporting of block trades by market participants and to provide that the requirement applies uniformly to all block trades, regardless of contract type and transaction size. OneChicago believes that obligating market participants to report all block trades promptly is warranted by the important price discovery function that it expects its markets for security futures products will serve. Given that all trading on OneChicago will be conducted electronically, OneChicago does not foresee that market participants will encounter practical difficulties in complying with the tightened reporting requirement.

New paragraphs (e) and (f) to OneChicago Rule 417 are intended to prevent market participants from taking advantage of any non-public information with respect to a block trade, by prohibiting market participants with access to such information from entering orders for execution through OneChicago if such orders relate to the same underlying securities as the block trade in question. This prohibition will generally apply until the block trade in question has been reported to and published by OneChicago. OneChicago expects that a positive side effect of the new paragraphs will be that they create an additional incentive for market participants to report block trades as soon as possible.

#### 2. Statutory Basis

OneChicago is proposing the Proposed Rule Change on the basis of its general rulemaking authority. OneChicago filed the Proposed Rule Change pursuant to Section 19(b)(7) of the Act<sup>5</sup> because such section requires a self-regulatory organization that is an exchange registered with the Commission pursuant to Section 6(g) of the Act<sup>6</sup> to file with the Commission, among other things, copies of any proposed rule change that relates to reporting. The Exchange believes that the proposed rule change is authorized by, and consistent with, Section 6(b)(5) of the Act,<sup>7</sup> because it is designed to prevent fraudulent and manipulative acts and practices and to promote just and equitable principles of trade.

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

OneChicago believes that the proposed rule change is inherently pro-competitive as it is designed to ensure that (i) relevant market information becomes available to the public as expeditiously as possible and (ii) participants are prevented from taking advantage of any non-public information with respect to block trades.

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

Comments on the proposed rule change have not been solicited.

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

Pursuant to Section 19(b)(7)(B) of the Act,<sup>8</sup> the proposed rule change became effective on September 5, 2002. Within 60 days of the date of effectiveness of the proposed rule change, the Commission, after consultation with the CFTC, may summarily abrogate the proposed rule change and require that the proposed rule change be refiled in accordance with the provisions of Section 19(b)(1) of the Act.<sup>9</sup>

## IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change conflicts with the Act. Persons making written submissions should file nine copies of the submission with the

Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Comments also may be submitted electronically to the following e-mail address: [rule-comments@sec.gov](mailto:rule-comments@sec.gov). 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 these filings also will be available for inspection and copying at the principal office of OneChicago. Electronically submitted comments will be posted on the Commission's Internet website (<http://www.sec.gov>). All submissions should refer to File No. SR-OC-2002-2 and should be submitted by November 12, 2002.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46653; File No. SR-OCC-2002-07]

### Self-Regulatory Organizations; The Options Clearing Corporation; Order Granting Approval of a Proposed Rule Change Relating to Clearing Security Futures Transactions and Arrangements With Associated Clearinghouses

October 11, 2002.

#### I. Introduction

On May 9, 2002, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change File No. SR-OCC-2002-07 pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and on August 9, 2002, amended the proposed rule change. Notice of the proposal was published in the **Federal Register** on August 16,

<sup>5</sup> 15 U.S.C. 78s(b)(7).

<sup>6</sup> 15 U.S.C. 78f(g).

<sup>7</sup> 15 U.S.C. 78(f)(b)(5).

<sup>8</sup> 15 U.S.C. 78s(b)(7)(B).

<sup>9</sup> 15 U.S.C. 78s(b)(1).

<sup>10</sup> 17 CFR 200.30-3(a)(75).

<sup>1</sup> 15 U.S.C. 78s(b)(1).