

certain purchase or sale transactions between an investment company and certain affiliated persons thereof." It provides an exemption from section 17(a) of the Act for purchases and sales of securities between registered investment companies, which are affiliated persons or affiliated persons of affiliated persons of each other, or between a registered investment company and an affiliated person or an affiliated person of an affiliated person, when the affiliation arises solely because of a common adviser, director, or officer. Rule 17a-7 requires investment companies to keep various records in connection with purchase or sale transactions affected by the rule. The rule requires the board of directors of an investment company to establish procedures reasonably designed to ensure that all conditions of the rule have been satisfied. If an investment company enters into a purchase or sale transaction with an affiliated person, the rule requires the investment company to compile and maintain written records of the transaction.<sup>1</sup> In addition, under the rule, the board is required to determine, at least on a quarterly basis, that all affiliated transactions made during the preceding quarter were made in compliance with these established procedures. The Commission's examination staff uses these records to evaluate transactions between affiliated investment companies for compliance with the rule.

The Commission estimates that approximately 1,000 investment companies enter into transactions affected by rule 17a-7 each year and, therefore, are subject to the rule's information collection requirements.<sup>2</sup> The average annual burden for rule 17a-7 is estimated to be approximately two burden hours per respondent, for an annual total of 2,000 burden hours for all respondents.<sup>3</sup> The estimates of

burden hours are made solely for the purposes of the Paperwork Reduction Act, and are not derived from a comprehensive or even a representative survey or study of the costs of Commission rules.

Rule 17a-7 requires investment companies to maintain and preserve permanently a written copy of the procedures governing rule 17a-7 transactions. In addition, investment companies are required to maintain written records of each rule 17a-7 transaction for a period of not less than six years from the end of the fiscal year in which the transaction occurred. The collection of information required by rule 17a-7 is necessary to obtain the benefits of the rule. Responses will not be kept confidential. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

Please direct general comments regarding the above information to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC 20503; and (ii) Kenneth A. Fogash, Acting Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549. Comments must be submitted to OMB within 30 days of this notice.

Dated: December 27, 2002.

**Margaret H. McFarland,**

*Deputy Secretary.*

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## **SECURITIES AND EXCHANGE COMMISSION**

### **Issuer Delisting; Notice of Application To Withdraw From Listing and Registration (HSBC Bank plc, To Withdraw From Listing and Registration its \$500m 7.625% Subordinated Notes (due June 15, 2006) and \$300m 6.95% Subordinated Notes (due March 15, 2011) From the New York Stock Exchange, Inc. File No. 1-87110**

December 31, 2002.

HSBC Bank plc, a public limited company incorporated under the laws of England and Wales ("Issuer"), has filed an application with the Securities and Exchange Commission ("Commission"),

pursuant to section 12(d) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 12d2-2(d) thereunder,<sup>2</sup> to withdraw its \$500m 7.625% Subordinated Notes (due June 15, 2006) and \$300m 6.95% Subordinated Notes (due March 15, 2011) ("Securities"), from listing and registration on the New York Stock Exchange, Inc. ("NYSE" or "Exchange").

The Issuer stated in its application that it has complied with the NYSE's rules governing an issuer's voluntary withdrawal of a security from listing and registration. The Issuer's application relates solely to the Security's withdrawal from listing on the NYSE and from registration under section 12(b) of the Act<sup>3</sup> and shall not affect its obligation to be registered under section 12(g) of the Act.<sup>4</sup>

The Board of Directors ("Board") of the Issuer approved a resolution on November 27, 2002 to withdraw the Issuer's Securities from listing on the NYSE. In making the decision to withdraw its Securities from the NYSE, the Issuer states the Securities are not widely held in the United States and the ongoing burdens associated with maintaining the listing are considered onerous and of little benefit to investors. The Issuer states that it intends to consolidate, as far as possible, the listings of all its Securities on a single stock exchange and be subject to the ongoing reporting requirements of that exchange. In addition, the Issuer states that all the terms and conditions of the Securities will remain unchanged. The Issuer states that its Securities began trading on the London Stock Exchange on December 20, 2002.

Any interested person may, on or before January 21, 2003 submit by letter to the Secretary of the Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609, facts bearing upon whether the application has been made in accordance with the rules of the NYSE and what terms, if any, should be imposed by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matter.

<sup>1</sup> 15 U.S.C. 78j(d).

<sup>2</sup> 17 CFR 240.12d2-2(d).

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

<sup>4</sup> 15 U.S.C. 78j(g).

<sup>1</sup> The written records are required to set forth a description of the security purchased or sold, the identity of the person on the other side of the transaction, and the information or materials upon which the board of directors' determination that the transaction was in compliance with the procedures was made.

<sup>2</sup> These estimates are based on conversations with the examination and inspections staff of the Commission and fund representatives. Based on these conversations, the Commission staff estimates that most investment companies (4,000 of the estimated 4,500 registered investment companies) have adopted procedures for compliance with rule 17a-7. Of these 4,000 investment companies, the Commission staff estimates that each year approximately 25% (1,000) enter into transactions affected by rule 17a-7.

<sup>3</sup> This estimate is based in turn on the staff's estimate that the approximately 1,000 funds that rely on rule 17a-7 annually engage in an average of 8 rule 17a-7 transactions and spend

approximately 15 minutes per transaction on recordkeeping required by the rule.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

**Jonathan G. Katz,**

Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-47113; File No. SR-Amex-2002-89]

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 by American Stock Exchange LLC Relating to Crossing Procedures for Clean Agency Crosses

December 31, 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 November 5, 2002, the American Stock Exchange LLC ("Amex" 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 December 23, 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.

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

The Exchange proposes to amend Amex Rule 126(g), Commentary .02 to provide that orders of 5,000 shares or more for the account of a non-member organization may be crossed at a price at or within the bid or offer without being broken up by a specialist or Registered Trader at the cross price. The text of the proposed rule is below. Proposed new language is in *italics*; proposed deletions are in brackets.

\* \* \* \* \*

Rule 126(g)

Commentary

.02 When a member has an order to buy and an order to sell an equivalent

amount of the same security, and both orders are of 5,000 shares or more and are for the accounts of persons who are not members or member organizations, the member may "cross" those orders at a price at or within the prevailing quotation. The member's bid or offer shall be entitled to priority at such cross price, irrespective of pre-existing bids or offers at that price. The member shall follow the crossing procedures of Rule 151, and another member may trade with either the bid or offer side of the cross transaction only to provide a price which is better than the cross price as to all or part of such bid or offer. A member who is providing a better price to one side of the cross transaction must trade with all other market interest having priority at that price before trading with any part of the cross transaction. No member may break up the proposed cross transaction, in whole or in part, at the cross price. *No specialist or Registered Trader may effect a proprietary transaction to provide price improvement to one side or the other of a cross transaction effected pursuant to this Commentary .02.* A transaction effected at the cross price in reliance on this Commentary .02 shall be printed as "stopped stock".

\* \* \* \* \*

#### 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 Statutory Basis for, the Proposed Rule Change

###### 1. Purpose

Amex Rule 126 (Precedence of Bids and Offers) sets out rules governing priority and precedence of bids and offers on the Exchange Floor, and generally provides that bids and offers are entitled to precedence based on time, with a member bidding at the highest price (offering at the lowest price) entitled to priority, and members simultaneously bidding at the highest price (offering at the lowest price) entitled to be on parity and divide

executions at their price after a previous sale removes all bids and offers from the Floor. Commentary .02 to Amex Rule 126(g) applies only to agency (that is, both orders for accounts of non-members) crosses (referred to herein as "clean crosses") to buy and sell orders of 5,000 shares or more. This commentary provides that a member may cross those orders at a price at or within the prevailing quotation, with such orders entitled to priority at the cross price over previously entered bids and offers. When crossing these orders, the member must follow the crossing procedures of Amex Rule 151 and another member may trade with either the bid or offer side of the cross, but only to provide price improvement to all or part of the bid or offer. In addition, the member must trade with all other market interest having time priority at that price before trading with any part of the cross transaction.

The Exchange implemented Commentary .02 to facilitate execution of block size crosses on the Amex. In implementing this exception to the Exchange's rules of precedence, and, in reducing minimum share size required to permit a clean cross from 25,000 to 5,000 shares, the Exchange was responding competitively to regional exchanges that were attracting Amex orders because orders to cross are not readily broken up by other trading interest in those markets, which may lack a trading crowd or limit orders on specialists' books.<sup>4</sup>

A member currently is not permitted to break up a proposed clean agency cross at the cross price, but may trade with the bid or offer side to provide price improvement to all or part of the bid or offer. The Exchange proposes to amend Amex Rule 126(g), Commentary .02 to provide that orders of 5,000 shares or more for the account of a non-member or member organization may be crossed at a price at or within the bid or offer without being broken up by a specialist or Registered Trader acting as principal. The proposed rule would still enable members representing agency orders to break up the cross to provide price improvement to all or part of the bid or offer. The purpose of the rule is to continue to reduce the amount of crossing activity lost to regional exchanges or the third market. Because clean crosses are required under Amex Rule 151 to be effected at the minimum price variation, since the advent of decimal pricing, it is possible for the

<sup>4</sup> See File No. SR-Amex-92-41, approved in Release No. 34-34089, May 26, 1994 and File No. SR-Amex-01-02, approved in Release No. 34-44123, March 28, 2001.

<sup>5</sup> 17 CFR 200.30-3(a)(1).

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See letter from Michael Cavalier, Associate General Counsel, Amex, to Nancy Sanow, Assistant Director, Division of Market Regulation, SEC, dated December 20, 2002, and enclosures ("Amendment No. 1"). Amendment No. 1 corrected a typographical error in the text of the proposed amendment.