in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly market to assure the economically efficient execution of securities transactions. The Commission believes that permanent approval of the proposal would continue to provide OE Firms with greater flexibility to reflect buying and selling interest at various price levels by entering Non-Attributable Orders directly into SuperMontage, instead of relying on ECNs and NNMS Market Makers to post their trading interest.

The Commission notes that STA suggested that the pilot be extended for an additional 90 days to provide the Commission as well as other market participants greater opportunity to study the potential impact of the pilot. However, Nasdaq represented that there has been no apparent negative market impact on public investors during the pilot, and in fact, the pilot has proven to be a catalyst for additional liquidity in SuperMontage. Further, the Commission notes that the pilot has been in place since February 10, 2003, that 35 OE Firms are currently participating in the pilot, and that the Commission is not aware of any problems with the pilot. Accordingly, the Commission does not believe that an extension of the pilot program is warranted in lieu of granting permanent approval.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[27] that the proposed rule change and Amendment No. 1 (SR–NASD–2003–37) be, and it hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[28]

Margaret H. McFarland,

Deputy Secretary.

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[27] 15 U.S.C. 78s(b)(2).

[28] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–47825; File No. SR–NFA–2003–03]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the National Futures Association Regarding the Interpretive Notice to NFA Compliance Rules 2–7 and 2–24 and Registration Rule 401: Proficiency Requirements for Security Futures Products

May 9, 2003.

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–7 under the Act,[2] notice is hereby given that on April 22, 2003, the National Futures Association (''NFA'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule changes described in Items I, II, and III below, which Items have been prepared by the NFA. The Commission is publishing this notice to solicit comments on the proposed rule changes from interested persons. NFA also has filed the proposed rule change with the Commodity Futures Trading Commission (''CFTC'').

On April 22, 2003, NFA requested that the CFTC make a determination that review of the proposed rule change is not necessary. The CFTC made such a determination on May 2, 2003.

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

Currently, the Interpretive Notice to NFA Compliance Rules 2–7 and 2–24 and Registration Rule 401: Proficiency Requirements for Security Futures Products provides that new registrants can satisfy their proficiency requirements for security futures through training if they are registered no later than six months after the first retail, exchange-traded contract begins trading. The proposed rule change eliminates the six-month distinction and extends the training option to all new registrants who take the Series 3 examination and apply for registration before the revised examination becomes available. The proposed rule change also makes similar changes regarding the proficiency requirements for designated security futures principals.

Section 15A(k) of the Exchange Act[3] makes NFA a national securities association for the limited purpose of regulating the activities of Members who are registered as brokers or dealers in security futures products under Section 15(b)(11) of the Act.[4] The interpretive notice regarding proficiency requirements for security futures products applies to these Members.

[1] 15 U.S.C. 78s(b)(7).

[2] 17 CFR 240.19b-7.

[3] 15 U.S.C. 78o–3(k).

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

NFA 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

While the Interpretive Notice to NFA Compliance Rules 2–7 and 2–24 and Registration Rule 401: Proficiency Requirements for Security Futures Products applies to all current registrants, it presently states that new registrants can qualify by training only if they are registered within six months after the first retail, exchange-traded security futures contract begins trading. At the time the interpretive notice was adopted, NFA staff assumed that six months, or until May 8, 2003, would provide adequate time to update both the futures and the securities examinations. NASD, however, has recently informed NFA that its examinations will not be available until January 2004.

Although NFA is prepared to meet the May 8 deadline, a regulatory disparity may occur if NFA incorporates security futures questions into its proficiency examinations before the securities industry does. For that reason, NFA proposes to postpone the use of the revised exams until NASD's examinations are ready.

The current version of the interpretive notice incorporates the May 8 deadline through its references to a date six months after security futures begin trading. The revised interpretive notice extends the training option to all new registrants who take the Series 3 and apply for registration before the revised examination becomes available. The revised interpretive notice was similarly changed for designated security futures principals.

[4] 15 U.S.C. 78o(b)(11).

2. Statutory Basis

The rule change is authorized by, and consistent with, Section 15A(k) of the Act.[5]

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

The rule change will not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act and the Commodity Exchange Act.

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

NFA did not publish the rule changes to the membership for comment. NFA did not receive comment letters concerning the rule changes.

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

Pursuant to Section 19(b)(7)(B) of the Act,[6] the proposed rule change became effective on May 2, 2003.

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.[7]

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.* 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 NFA. Electronically submitted comments will be posted on the Commission's Web site (*http://www.sec.gov*). All submissions should refer to File No. SR–NFA–2003–03 and should be submitted by June 9, 2003.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[8]

Jill M. Peterson,

Assistant Secretary.

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[5] 15 U.S.C. 78o–3(k).

[6] 15 U.S.C. 78s(b)(7)(B).

[7] 15 U.S.C. 78s(b)(1).

[8] 17 CFR 200.30–3(a)(75).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–47838; File No. SR–PCX–2002–36]

Self-Regulatory Organizations; Order Approving Proposed Rule Change and Amendment No. 1 Thereto and Notice of Filing and Order Granting Accelerated Approval to Amendments No. 2 and 3 to the Proposed Rule Change by the Pacific Exchange, Inc. Relating to the Exchange's New Trading Platform for Options, PCX Plus

May 13, 2003.

I. Introduction

On June 27, 2002, the Pacific Exchange, Inc. (''PCX'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'' or ''SEC''), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] a proposed rule change to adopt new rules for the implementation of its new trading platform for options, PCX Plus. The PCX's proposal also includes new rules on priority and allocations of orders, rule changes to permit options Market Makers [3] to conduct their trading activities from locations away from the trading floor, and proposed system changes to accommodate new order handling procedures and automated trade processing. On November 6, 2002, the PCX filed Amendment No. 1 to the proposed rule change.[4] The proposed rule change and Amendment No. 1 were published for comment in the **Federal Register** on November 18, 2002.[5] The Commission received four comment letters with respect to the proposal and Amendment No. 1.[6] On April 9, 2003, the PCX filed Amendment No. 2 to the proposed rule change.[7] On April 16, 2003, the PCX filed Amendment No. 3 to the proposed rule change, withdrew Amendment No. 3 on April 22, 2003, and refiled Amendment No. 3 on April 22, 2003.[8] This order approves the proposed rule change and Amendment No. 1; grants accelerated approval to Amendments No. 2 and 3 to the proposed rule change; and solicits comments from interested persons on Amendments No. 2 and 3.

II. Description of the Proposal

The Exchange has designed a new trading platform for options, PCX Plus. This new hybrid model combines the features of traditional floor-based markets and new electronic trading systems, while preserving a single marketplace with a single book. It allows PCX members to trade as Market Makers from locations away from the trading floor. For those options designated for trading on PCX Plus, the proposal replaces the PCX's current priority rules with new ones and expands upon the Exchange's current trading rules by permitting the entry of

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

[2] 17 CFR 240.19b–4.

[3] Proposed PCX Rule 6.32(a) (defines ''Market Maker'' as an individual who is registered with the Exchange for the purpose of making transactions as a dealer-specialist on the floor of the Exchange or, in the case of a Remote Market Maker, through the facilities of the Exchange).

[4] Amendment No. 1 replaced the PCX's original Rule 19b–4 filing in its entirety.

[5] Securities Exchange Act Release No. 46803 (November 8, 2002), 67 FR 69580 (''Notice of the Proposal'').

[6] *See* letters to Jonathan G. Katz, Secretary, Commission, from Thomas Peterffy, Chairman, and David M. Battan, Vice President and General Counsel, Interactive Brokers Group LLC (''IB Group''), dated December 9, 2002 (''IB Group Letter''); Meyer S. Frucher, Chairman and Chief Executive Officer, Philadelphia Stock Exchange, Inc. (''Phlx''), dated December 9, 2002 (''Phlx Letter''); Thomas N. McManus, Executive Director and Counsel, Morgan Stanley & Co., Incorporated (''Morgan Stanley''), dated January 6, 2003 (''Morgan Stanley Letter''); and Gerald D. O'Connell, Associate Director, Susquehanna International Group, LLP (''Susquehanna''), dated January 8, 2003 (''Susquehanna Letter'') (collectively, ''Comment Letters'').

[7] *See* letter from Kathryn L. Beck, Senior Vice President, General Counsel, and Corporate Secretary, PCX, to Nancy J. Sanow, Assistant Director, Division of Market Regulation (''Division''), Commission, dated April 7, 2003 (''Amendment No. 2''). *See* Section III. of this order for a detailed description of Amendment No. 2.

[8] *See* letter from Peter D. Bloom, Acting Managing Director, Regulatory Policy, PCX, to Deborah L. Flynn, Assistant Director, Division, Commission, dated April 14, 2003 (''Amendment No. 3''). The PCX withdrew Amendment No. 3 and refiled it on April 22, 2003, after making minor technical changes to the proposed rule text. *See* letter from Peter D. Bloom, Acting Managing Director, Regulatory Policy, PCX, to Deborah L. Flynn, Assistant Director, Division, Commission, dated April 21, 2003. In Amendment No. 3, PCX made clarifications to proposed Commentary .02 to PCX Rule 6.64 regarding the procedures for determining a single price opening for options issues designated for trading on PCX Plus.