

election process. For example, the proposed amendments would provide that the Secretary of NASD Regulation would perform many of the notification and other communication functions currently performed by other parties, such as notifying NASD members of upcoming elections, requesting submission of candidates, notifying NASD members of the candidates nominated by the District Nominating Committee, notifying NASD members in the event of a contested election, and notifying the Board of election results.

## 2. Statutory Basis

NASD believes that the proposed rule change, as amended, is consistent with the provisions of section 15A(b)(6) of the Act,<sup>7</sup> which requires, among other things, that NASD rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. NASD believes that the proposed changes to Article VIII of the By-Laws of NASD Regulation are designed to accomplish these ends by streamlining the procedures for operation of the District Committees and District Nominating Committees. NASD believes the proposed rule change, as amended, will streamline the nomination and election processes governing the Committees, modernize communication procedures, and improve the consistency among the Committees across all districts.

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

NASD does not believe that the proposed rule change, as amended, will result in 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 neither solicited nor received with respect to the proposed rule change, as amended.

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

The proposed rule change, as amended, has been filed by NASD as a "non-controversial" rule change under Rule 19b-4(f)(6) under the Act,<sup>8</sup> and NASD represents that the proposed rule change, as amended, does not significantly affect the protection of

investors or the public interest, and does not impose any significant burden on competition. In accordance with Rule 19b-4(f)(6)(iii),<sup>9</sup> NASD submitted written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing, and the proposed rule change will become operative 30 days after the date of the filing.

The proposed rule change, as amended, has become effective pursuant to Section 19(b)(3)(A) of the Act.<sup>10</sup> At any time within 60 days of the filing of the proposed rule change,<sup>11</sup> the Commission may summarily abrogate this proposed 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 NASD. All submissions should refer to file number SR-NASD-2003-55 and should be submitted by July 8, 2003.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 03-15265 Filed 6-16-03; 8:45 am]

**BILLING CODE 8010-01-P**

<sup>9</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> See note 6, *supra*.

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

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48013; File No. SR-PHLX-2002-55]

### Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change and Amendments No. 1, 2, and 3 by the Philadelphia Stock Exchange, Inc. to Initiate a Pilot Program that Allows the Listing of Strike Prices at One-Point Intervals for Certain Stocks Trading under \$20

June 11, 2003.

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 October 2, 2002, the Philadelphia Stock Exchange, Inc. ("PHLX" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The PHLX filed Amendments No. 1, 2, and 3 to the proposal on March 17, 2003,<sup>3</sup> June 6, 2003,<sup>4</sup> and June 10, 2003,<sup>5</sup> respectively. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons and to grant accelerated approval to the proposed rule change, as amended, through June 5, 2004.

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

The Exchange proposes to initiate a pilot program ("Pilot Program") that will allow the Exchange to list options on selected stocks trading below \$20 at one-point intervals. The text of the proposed rule change appears below. Additions are in *italics*; deletions are in brackets.

#### Series of Options Open for Trading

Rule 1012. (a)—(d) No change.

*Commentary:*

.01 to .04 No change.

.05 (a) The interval of strike prices of series of options on individual stocks [will] *may be:*

(i) \$1 or greater ("*\$1 strike prices*") provided the strike price is \$20 or less,

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

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

<sup>3</sup> Amendment No. 1 replaces the original filing in its entirety.

<sup>4</sup> Amendment No. 2 replaces Amendment No. 1 in its entirety.

<sup>5</sup> See letter from Jurij Trypupenko, PHLX, to Nancy Sanow, Senior Special Counsel, Office of Market Supervision, Commission, dated June 9, 2003 ("Amendment No. 3"). Amendment No. 3 indicates that the proposal expires on June 5, 2004.

<sup>7</sup> 15 U.S.C. 78o-3(b)(6).

<sup>8</sup> 17 CFR 240.19b-4(f)(6).

but not less than \$3. The listing of \$1 strike prices shall be limited to options classes overlying no more than 5 individual stocks (the "\$1 Pilot") as specifically designated by the Exchange. The Exchange may list \$1 strike prices on any other option classes if those classes are specifically designated by other securities exchanges that employ a similar \$1 Pilot under their respective rules.

To be eligible for inclusion into the \$1 Pilot, an underlying stock must close below \$20 in its primary market on the previous trading day.

After a stock is added to the \$1 Pilot, the Exchange may list \$1 strike prices from \$3 to \$20 that are no more than \$5 from the closing price of the underlying on the preceding day. For example, if the underlying stock closes at \$13, the Exchange may list strike prices from \$8 to \$18.

The Exchange may not list series with \$1 intervals within \$0.50 of an existing \$2.50 strike price (e.g., \$12.50, \$17.50) in the same series. Additionally, the Exchange may not list long-term option series ("LEAPS®") at \$1 strike price intervals for any option class selected for the \$1 Pilot.

A stock shall remain in the \$1 Pilot until otherwise designated by the Exchange. The \$1 Pilot shall expire on June 5, 2004;

(ii) \$2.50 or greater where the strike price is \$25 or less[.]; provided, however, that the Exchange may not list \$2.50 intervals below \$20 (e.g., \$12.50, \$17.50) for any class included within the \$1 Pilot if the addition of \$2.50 intervals would cause the class to have strike price intervals that are \$0.50 apart;

(iii) \$5[.00] or greater where the strike price is greater than \$25 but less than \$200[.]; and

(iv) \$10 or greater where the strike price is \$200 or more, except as provided in paragraph (b) below.

The interval of strike prices of series of options on Exchange-Traded Fund Shares will be \$1 or greater where the strike price is [less than ]\$200 or less.

## 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 III 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

The PHLX proposes to amend PHLX Rule 1012, "Series of Options Open for Trading," to implement the Pilot Program, which will operate for a pilot period ending on June 5, 2004. The Pilot Program will allow the PHLX to list a finite number of options at \$1.00 strike price intervals pursuant to the Pilot Program. Specifically, the proposal will allow the PHLX to originally list as many as five options at \$1.00 strike price intervals within certain parameters specified in the proposed rule, and to multiply list options classes at \$1.00 strike price intervals where those classes were specifically designated by other securities exchanges that employ a similar \$1.00 strikes pilot program under their rules.

PHLX Rule 1012 establishes guidelines regarding the addition of strike prices for series of options. Currently, the PHLX may list options at \$2.50 intervals where the strike price is \$25.00 or less, at \$5.00 intervals where the strike price is greater than \$25.00 but less than \$200.00, and at \$10.00 intervals when the strike price is \$200.00 or more.<sup>6</sup> The PHLX notes that over the past two years, prices of stocks in general have dropped, with many listings suffering precipitous declines. As a result, there has been a proliferation of stocks trading below \$20.00, and the PHLX lists options on more than 390 such stocks, including Ford Motor Company, Cisco Systems, Inc., Sun Microsystems, Inc., Corning, Inc., Motorola, Inc., Nextel Communications, Inc., AOL Time Warner, Inc., and Walt Disney Company. According to the PHLX, these stocks trading below \$20.00 are among the most widely held and actively traded equities listed on the New York Stock Exchange, Inc., the American Stock Exchange LLC, and Nasdaq, and the options overlying these stocks also trade actively.

The PHLX notes that when a stock underlying an option trades at lower prices, it requires a larger percentage gain in the price of the stock for the option to become in-the-money. For example, when a stock trades at \$6.00

and a potential investor wants to buy out-of-the-money call options, he or she will have to buy the calls at a \$7.50 strike price. At these pricing levels, the stock would need to achieve a 25% price gain before reaching at-the-money status. Such a 25% or higher gain in the underlying stock is particularly significant in light of the substantially lessened degree of volatility in many stocks and options in the past several months. As a result, the PHLX believes that there is a disincentive for investors to use options on these lowest-tier stocks to manage risk. Additionally, with the recent increase in the number of stocks trading below \$20.00, PHLX member firms have expressed a strong desire to list additional strike prices on these stocks in order to provide their customers with greater flexibility in achieving their investment strategies. The PHLX believes that the proposed Pilot Program would give investors an opportunity to more closely and effectively tailor their options investments to the price of the underlying stock and at the same time would allow the PHLX to take advantage of competitive opportunities to list options at \$1.00 strike prices pursuant to the terms of the Pilot Program.

Moreover, the PHLX believes that implementing the Pilot Program is decidedly pro-competitive. The PHLX believes, and has consistently maintained, that its ability to list options is a significant, and indispensable, component of competition that should not be circumscribed. The PHLX believes that it, like the other options exchanges, should be able to list \$1.00 strike price intervals (pursuant to the terms of the Pilot Program) for the issues that it believes are commercially feasible or desirable. The PHLX maintains that, as history has frequently borne out, yesterday's lowest-performing options, particularly those in the lowest priced trading bracket (*i.e.*, the lowest priced stocks), could well become tomorrow's most desirable options.

For these reasons, the PHLX proposes to implement the Pilot Program, as described below.

#### Options Eligible for the Pilot Program

The Pilot Program would allow the Exchange to list \$1.00 strike prices on equity options overlying up to five individual stocks provided that the strike prices are \$20.00 or less, but not less than \$3.00. The appropriate Exchange committee will determine which underlying stocks will be included in the Pilot Program. A class becomes eligible for inclusion in the

<sup>6</sup> See PHLX Rule 1012, Commentary .05. See also PHLX Rule 1012, Commentary .05(b), which establishes guidelines for listing \$2.50 strikes for a set number of classes trading between \$25.00 and \$50.00.

Pilot Program when the underlying stock price closes below \$20.00 in the primary market on the previous trading day. Underlying stocks trading under \$20.00 that are not a part of the Pilot Program will continue to be eligible for trading at \$2.50 and \$5.00 intervals.

Although the PHLX may select up to five securities to be included in the Pilot Program, the Exchange would not be precluded from also listing options on other stocks at \$1.00 strike price intervals if other options exchanges list those series pursuant to their respective \$1.00 strike price pilot programs.

The Exchange will not list \$1.00 strike price intervals on LEAPS pursuant to the Pilot Program.

#### **Adding \$1.00 Strike Price Intervals**

The procedures for adding \$2.50 or \$5.00 strikes are contained in Exchange Rule 1012, Commentary .05, which will be amended to allow the addition of \$1.00 strike price intervals.<sup>7</sup> Under the proposed Pilot Program, the closing price of the underlying stock will serve as the reference point for determining which \$1.00 strike prices the Exchange may open for trading.

To minimize unnecessary proliferation of series, the PHLX will only list \$1.00 strike prices within a range of \$5.00 greater or \$5.00 less than the closing price of the underlying stock on the primary market on the day before selection by the Exchange. No strike prices will be added outside the \$5.00 range. For example, if the underlying trades at \$6.00, the PHLX could list \$1.00 strikes from \$3.00 to \$11.00. The Exchange believes that this proposed range-format will significantly restrict the number of series that may be added at any one time.

As noted above, PHLX Rule 1012, Commentary .05, currently allows the PHLX to list strike prices with \$2.50 intervals when an underlying stock trades below \$25.00. For this reason, several options have \$7.50, \$12.50, and \$17.50 strike price intervals. To further avoid the proliferation of series, the PHLX does not intend to list \$1.00 strike prices at levels that "bracket," that is, are on either side of, existing \$2.50

<sup>7</sup> PHLX Rule 1012(a)(iii) permits the Exchange to add a new option series "as the market price of the underlying stock or Exchange-Traded Fund Share or the underlying foreign currency, as the case may be, moves substantially from the initial exercise price or prices." Moreover, PHLX Rule 1010 provides that where exceptional circumstances have caused an underlying security not to comply with the Exchange's maintenance requirements, "the Exchange may, in the interest of maintaining a fair and orderly market for the protection of investors, determine to open additional series of option contracts on the class covering that underlying security."

intervals (e.g., \$7.00 and \$8.00 strikes around a \$7.50 strike). Accordingly, in this situation, there must be more than \$0.50 between any two strike prices. Thus, if the underlying stock closed at \$5.00, the Pilot Program would permit the Exchange to list options with \$1.00 strike price intervals from \$3.00 to \$10.00, if nothing was trading already at \$5.00 and \$7.50 strike prices, or \$1.00 strike price intervals at \$3.00, \$4.00, \$6.00, \$9.00 and \$10.00, if options were already trading at \$5.00 and \$7.50 strike prices. When the \$2.50 intervals are "phased-out," as described below, the PHLX will introduce \$1.00 intervals that "bracket" the phased-out price. For example, when the \$7.50 series expires, the PHLX will replace it by issuing a new month with \$7.00 and \$8.00 intervals.

#### **Phasing-Out \$2.50 Strike Price Intervals**

Once an option becomes part of the Pilot Program, the Exchange will begin the process of phasing-out existing \$2.50 intervals overlying the same stock in favor of \$1.00 intervals. To phase out the \$2.50 intervals, the Exchange initially will delist those \$2.50 series for which there is no open interest. Subsequently, the Exchange will no longer add new expiration months at \$2.50 intervals below \$20.00 when the existing months expire. This process will effectively phase-out the remaining \$2.50 intervals as the farthest-out months expire.

#### **Adding Expiration Months**

PHLX Rule 1012 generally allows the Exchange to make available for trading four expiration months for each initial listing of an option. Upon expiration of the near-term month, the Exchange may list an additional expiration month. Under the Pilot Program, if the underlying closed at or above \$20.00 on Expiration Friday, the PHLX would not list an additional month for a \$1.00 strike series until the stock again closed below \$20.00 in the primary market on the day before selection for listing.

#### **Deleting \$1.00 Strike Price Intervals**

At any time, the Exchange may cease listing \$1.00 strike prices on existing series by submitting a Cessation Notice to the Options Clearing Corporation ("OCC").<sup>8</sup> As discussed above, if the

<sup>8</sup> The reasons for submitting a Cessation Notice include: expiration of available \$1.00 strikes (i.e., the underlying stock price on the primary market remains above \$20.00); series proliferation concerns; and delisting because of, among other things, low price, merger, or takeover. In any event, the PHLX would continue to have the ability to cease trading series that become inactive and have no open interest, with prior notice to its members).

underlying closed at or above \$20.00 on Expiration Friday, the Exchange would not list any additional months with \$1.00 strike prices until the stock subsequently closed below \$20.00 on the primary market on the day prior to the Exchange listing the option. If the underlying stock does not subsequently close below \$20.00, thereby precluding the listing of additional \$1.00 strike prices and months, the existing \$1.00 series would eventually expire. When the near-term month is the only series available for trading in the Pilot Program, the Exchange may submit a Cessation Notice to OCC. Upon submission of that notice, the listing would no longer count towards the five listings that are allowed the Exchange pursuant to the Pilot Program, thereby allowing the PHLX to list classes on an additional stock. Once the Exchange submits the Cessation Notice, it would not list any additional months for trading with strikes below \$20.00 within the Pilot Program unless the underlying once closed below \$20.00, as required by the Pilot Program.<sup>9</sup>

#### **Options Price Reporting Authority ("OPRA") Capacity**

The Exchange believes that, according to OPRA figures, there is sufficient capacity to accommodate the Exchange's proposed Pilot Program. The PHLX believes that there is significant excess system capacity at this time: on a daily basis, the options exchanges are using an average of less than 7,000 messages per second ("mps") during peak periods, which is less than 25% of the total system capacity of 32,000 mps.<sup>10</sup> To date, the exchanges have yet to exceed 11,000 mps for any extended period of time.<sup>11</sup> Thus, the PHLX believes that implementing the Pilot Program should not have any significant negative impact on OPRA system capacity.

<sup>9</sup> If the underlying stock trades below \$20.00 after submission of the Cessation Notice by the PHLX, the Exchange could list \$1.00 strike prices again provided it included the class as one of the five classes permitted under the Pilot Program.

<sup>10</sup> Securities Industry Automation Corporation ("SIAC"), which administers and services the network for OPRA, estimates that as much as 6,000 mps of the total system capacity will be used to send best bid and offer ("BBO") messages when the BBO feed becomes operational. See Securities Exchange Act Release No. 47231 (January 22, 2003), 68 FR 4258 (January 28, 2003) (publication of notice of File No. SR-OPRA-2002-01). See also Securities Exchange Act Release No. 47231 (January 22, 2003), 68 FR 4258 (January 28, 2003) (order approving File No. SR-OPRA-2002-01).

<sup>11</sup> On November 6, 2002, the OPRA five-minute message peak was 8,203 mps. On November 13, 2002, the one-minute peak was 10,091 mps.

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with section 6(b)<sup>12</sup> of the Act in general and furthers the objectives of section 6(b)(5),<sup>13</sup> in particular, in that it is designed to perfect the mechanism of a free and open market and a national market system, protect investors and the public interest and promote just and equitable principles of trade. According to the PHLX, the proposal would achieve this by allowing the listing of \$1 strike price intervals, thereby stimulating customer interest in options overlying the lowest tier of stocks and creating greater trading opportunities and flexibility and providing customers with the ability to more closely tailor investment strategies to the precise movement of the underlying stocks.

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

The PHLX does not believe that the proposed rule change will impose any inappropriate burden on competition.

### *C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others No written comments were solicited or received.*

## III. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended, 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 filings will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-PHLX-2002-55 and should be submitted by July 8, 2003.

<sup>12</sup> 15 U.S.C. 78f(b).

<sup>13</sup> 15 U.S.C. 78f(b)(5).

## IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>14</sup> In particular, the Commission believes that the proposed rule change is consistent with section 6(b)(5) of the Act,<sup>15</sup> which requires, among other things, that the rules of a national securities exchange be designed 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. Specifically, the Commission believes that the proposed listing of one point strike price intervals in selected equity options on a pilot basis should provide investors with more flexibility in the trading of equity options overlying stocks trading at more than \$3 but less than \$20, thereby furthering the public interest by allowing investors to establish equity options positions that are better tailored to meet their investment objectives. The Commission also believes that the Exchange's limited Pilot Program strikes a reasonable balance between the Exchange's desire to accommodate market participants by offering a wide array of investment opportunities and the need to avoid unnecessary proliferation of options series. The Commission expects the Exchange to monitor the applicable equity options activity closely to detect any proliferation of illiquid options series resulting from the narrower strike price intervals and to act promptly to remedy this situation should it occur. In addition, the Commission requests that the PHLX monitor the trading volume associated with the additional options series listed as a result of the Pilot Program and the effect of these additional series on market fragmentation and on the capacity of the Exchange's, OPRA's, and vendors' automated systems.

As noted above, the Commission is approving the PHLX's proposal on a pilot basis. In the event that PHLX proposes to extend the Pilot Program beyond June 5, 2004, expand the number of options eligible for inclusion in the Pilot Program, or seek permanent approval of the Pilot Program, it should submit a Pilot Program report to the

<sup>14</sup> In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

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

Commission along with the filing of such proposal.<sup>16</sup> The report must cover the entire time the Pilot Program was in effect, and must include: (1) Data and written analysis on the open interest and trading volume for options (at all strike price intervals) selected for the Pilot Program; (2) delisted options series (for all strike price intervals) for all options selected for the Pilot Program; (3) an assessment of the appropriateness of \$1 strike price intervals for the options the PHLX selected for the Pilot Program; (4) an assessment of the impact of the Pilot Program on the capacity of the PHLX's, OPRA's, and vendors' automated systems; (5) any capacity problems or other problems that arose during the operation of the Pilot Program and how the PHLX addressed them; (6) any complaints that the PHLX received during the operation of the Pilot Program and how the PHLX addressed them; and (7) any additional information that would help to assess the operation of the Pilot Program.

The Commission finds good cause for approving the proposal prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register**. The PHLX's Pilot Program is identical to a CBOE pilot program ("CBOE Pilot") that the Commission approved.<sup>17</sup> Notice of the CBOE Pilot was published for comment<sup>18</sup> and the Commission received one comment letter, which supported the CBOE's proposal. Accordingly, the Commission believes that the proposal raises no issues of regulatory concern and that there is good cause, consistent with sections 6(b)(5) and 19(b) of the Act,<sup>19</sup> to approve the PHLX's proposal on an accelerated basis.

## V. Conclusion

*It is therefore ordered*, pursuant to section 19(b)(2) of the Act,<sup>20</sup> that the proposed rule change (SR-PHLX-2002-55) and Amendment Nos. 1, 2, and 3 thereto are hereby approved, on an accelerated basis and as a pilot program, through June 5, 2004.

<sup>16</sup> The Commission expects the PHLX to submit a proposed rule change at least 60 days before the expiration of the Pilot Program in the event the PHLX wishes to extend, expand, or seek permanent approval of the Pilot Program.

<sup>17</sup> See Securities Exchange Act Release No. 47991 (June 5, 2003) (order approving File No. SR-CBOE-2001-60).

<sup>18</sup> See Securities Exchange Act Release No. 47753 (April 29, 2003), 68 FR 23784 (May 5, 2003).

<sup>19</sup> 15 U.S.C. 78f(b)(5) and 78s(b).

<sup>20</sup> 15 U.S.C. 78s(b)(2).

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>21</sup>

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

[FR Doc. 03-15263 Filed 6-16-03; 8:45 am]

**BILLING CODE 8010-01-P**

**SMALL BUSINESS ADMINISTRATION**

**[Declaration of Disaster #3509]**

**Territory of American Samoa**

As a result of the President's major disaster declaration on June 6, 2003, I find that the Island of Tutuila located within the Territory Of American Samoa constitutes a disaster area due to damages caused by heavy rainfall, flooding, landslides, and mudslides occurring on May 19, 2003 and continuing through May 21, 2003. Applications for loans for physical damage as a result of this disaster may be filed until the close of business on August 5, 2003 and for economic injury until the close of business on March 8, 2004 at the address listed below or other locally announced locations: U.S. Small Business Administration, Disaster Area 4 Office, P.O. Box 13795, Sacramento, CA 95853-4795.

The interest rates are:

	Percent
For Physical Damage	
Homeowners with credit available elsewhere .....	5.625
Homeowners without credit available elsewhere .....	2.812
Businesses with credit available elsewhere .....	5.906
Businesses and non-profit organizations without credit available elsewhere .....	2.953
Others (including non-profit organizations) with credit available elsewhere .....	5.500
For Economic Injury	
Businesses and Small Agricultural Cooperatives without credit available elsewhere .....	2.953

The number assigned to this disaster for physical damage is 350906 and for economic injury the number is 9V8000.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008).

Dated: June 9, 2003.

**Cheri C. Wolff,**

*Acting Associate Administrator for Disaster Assistance.*

[FR Doc. 03-15233 Filed 6-16-03; 8:45 am]

**BILLING CODE 8025-01-P**

**SMALL BUSINESS ADMINISTRATION**

**[Declaration of Disaster #3507]**

**State of Florida**

Broward County and the contiguous counties of Collier, Hendry, Miami-Dade and Palm Beach in the State of Florida constitute a disaster area as a result of heavy rains and flooding beginning on May 27 and continuing through May 29, 2003. Applications for loans for physical damage as a result of this disaster may be filed until the close of business on August 4, 2003 and for economic injury may be filed until the close of business on March 5, 2004 at the address listed below or other locally announced locations: U.S. Small Business Administration, Disaster Area 2 Office, One Baltimore Place, Suite 300, Atlanta, GA 30308.

The interest rates are:

	Percent
For Physical Damage:	
Homeowners with credit available elsewhere .....	5.625
Homeowners without credit available elsewhere .....	2.812
Businesses with credit available elsewhere .....	5.906
Businesses and non-profit organizations without credit available elsewhere .....	2.953
Others (including non-profit organizations) with credit available elsewhere .....	5.500
For Economic Injury:	
Businesses and small agricultural cooperatives without credit available elsewhere ...	2.953

The number assigned to this disaster for physical damage is 350706 and for economic injury is 9V7400.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008).

Dated: June 5, 2003.

**Hector V. Barreto,**

*Administrator.*

[FR Doc. 03-15237 Filed 6-16-03; 8:45 am]

**BILLING CODE 8025-01-P**

**SMALL BUSINESS ADMINISTRATION**

**[Declaration of Disaster #3492]**

**State of Mississippi; (Amendment #3)**

In accordance with a notice received from the Department of Homeland Security—Federal Emergency Management Agency, effective June 6, 2003, the above numbered declaration is hereby amended to include Jefferson Davis County as a disaster area due to damages caused by severe storms, tornadoes and flooding beginning on

April 6 and continuing through April 25, 2003.

All counties contiguous to the above named primary county have been previously declared.

All other information remains the same, *i.e.*, the deadline for filing applications for physical damage is June 23, 2003, and for economic injury the deadline is January 26, 2004.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008).

Dated: June 10, 2003.

**S. George Camp,**

*Acting Associate Administrator for Disaster Assistance.*

[FR Doc. 03-15234 Filed 6-16-03; 8:45 am]

**BILLING CODE 8025-01-P**

**SMALL BUSINESS ADMINISTRATION**

**[Declaration of Disaster #3497]**

**State of Missouri; (Amendment #4)**

In accordance with a notice received from the Department of Homeland Security—Federal Emergency Management Agency, effective June 3, 2003, the above numbered declaration is hereby amended to include Crawford, Dent, Gasconade, Iron, Monroe and Phelps Counties in the State of Missouri as disaster areas due to damages caused by severe storms, tornadoes and flooding occurring on May 4, 2003 and continuing through May 30, 2003.

In addition, applications for economic injury loans from small businesses located in the contiguous counties of Reynolds and Shannon Counties in the State of Missouri may be filed until the specified date at the previously designated location. All other counties contiguous to the above named primary counties have been previously declared.

All other information remains the same, *i.e.*, the deadline for filing applications for physical damage is July 7, 2003, and for economic injury the deadline is February 6, 2004.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008).

Dated: June 5, 2003.

**Herbert L. Mitchell,**

*Associate Administrator for Disaster Assistance.*

[FR Doc. 03-15235 Filed 6-16-03; 8:45 am]

**BILLING CODE 8025-01-P**

**SMALL BUSINESS ADMINISTRATION**

**[Declaration of Disaster #3499]**

**State of Oklahoma; Amendment #3**

In accordance with a notice received from the Department of Homeland

<sup>21</sup> 17 CFR 200.30-3(a)(12).