

proposed disclaimer provision is similar to the disclaimer provisions provided in other exchanges' rules relating to specified index options, and therefore raises no novel regulatory issues.

It is therefore ordered, pursuant to section 19(b)(2) of the Act,⁷ that the proposed rule change (SR-Phlx-2003-21), as amended, is approved.

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48144; File No. SR-Phlx-2003-31]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by the Philadelphia Stock Exchange, Inc. to Amend the Exchange's Rule 229 to Provide for the Automatic Execution of Odd-lot Market and Marketable Limit Orders Received Over PACE During Locked and Crossed Markets

July 9, 2003.

On April 23, 2002, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange"), filed with the Securities and Exchange Commission ("Commission"), 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 amend Phlx Rule 229, Supplementary Material .08, to modify the Philadelphia Stock Exchange Automated Communication and Execution ("PACE") System to provide for the automated execution of odd-lot market and marketable limit orders received over the PACE System during locked and crossed markets. When the PACE Quote³ is locked, odd-lot market and marketable limit orders entered after the

opening will be executed at the locked price. If the PACE Quote is crossed, odd-lot orders will be executed automatically at the mean of the crossed bid and offer if the bid is higher than the offer by \$.05 or less, or manually at the price of the next unlocked and uncrossed PACE Quote if the bid is higher than the offer by more than \$.05.

The proposed rule change was published for comment in the **Federal Register** on June 4, 2003.⁴ The Commission received no comments on the proposal.

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.⁵ Specifically, the Commission finds that the proposed rule change promotes the objectives of section 6(b)(5) of the Act,⁶ which requires, among other things, that the rules of the Exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and national market system, and, in general, to protect investors and the public interest.

The Commission believes that the proposed rule change is consistent with the Act because the Exchange's proposed process for handling odd-lot market and marketable limit orders after the opening should increase the efficiency of order handling by relieving the burden of specialists of dealing with manual orders of less than a round lot during periods of locked and crossed markets. Additionally, the Commission notes that the Exchange represents that the proposed rule change will improve and enhance order execution quality by reducing order execution time while simultaneously ensuring that orders receive the best bid or offer. Finally, the Commission notes that the proposed rule change is similar to that of the American Stock Exchange LLC⁷ and therefore raises no novel regulatory issues.

⁴ See Securities Exchange Act Release No. 47942 (May 29, 2003), 68 FR 33557 (June 4, 2003).

⁵ In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁶ 15 U.S.C. 78f(b)(5).

⁷ See Securities Exchange Act Release No. 46304 (August 2, 2002), 67 FR 51903 (August 9, 2002).

It is therefore ordered, Pursuant to section 19(b)(2) of the Act,⁸ that the proposed rule change (SR-Phlx-2003-31) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,
Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3521]

State of Nebraska

Thayer County and the contiguous counties of Clay, Fillmore, Jefferson, Nuckolls, and Saline in the State of Nebraska; and Republic and Washington Counties in the State of Kansas constitute a disaster area due to severe storms, hail, flooding, and tornadoes that occurred on June 22 and June 23, 2003. Applications for loans for physical damage as a result of this disaster may be filed until the close of business on September 8, 2003 and for economic injury until the close of business on April 12, 2004 at the address listed below or other locally announced locations: Small Business Administration, Disaster Area 3 Office, 4400 Amon Carter Boulevard, Suite 102, Forth Worth, TX 76155.

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 numbers assigned to this disaster for physical damage are 352111 for Nebraska and 352211 for Kansas. For economic injury, the numbers are 9W2400 for Nebraska and 9W2500 for Kansas.

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

⁸ 15 U.S.C. 78s(b)(2).

⁹ 17 CFR 200.30-3(a)(12).

⁷ 15 U.S.C. 78s(b)(2).

⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The PACE Quote is the best bid/ask quote among the American Stock Exchange, Boston Stock Exchange, Cincinnati Stock Exchange, Chicago Stock Exchange, New York Stock Exchange, Pacific Exchange or Philadelphia Stock Exchange, or the Intermarket Trading System/Computer Assisted Execution System ("ITS/CAES") quote, as appropriate. The Phlx has represented that the proposal, including the PACE quote, would not include Nasdaq securities. Telephone conversation between Murray L. Ross, Vice President and Secretary, Phlx, and Cyndi Rodriguez, Special Counsel, Division of Market Regulation, Commission, on July 1, 2003.