

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

1. Purpose

In connection with an upcoming Special Member Meeting concerning demutualization,¹⁰ members holding legal title to a regular membership will be allowed to vote respecting a proposed demutualization plan. Currently, in accordance with the Exchange's by-laws and Delaware General Corporation Law, a member holding a regular Phlx membership is permitted to cast only one vote, regardless of the number of memberships to which he or she holds legal title.¹¹ For instance, a member organization may hold title to multiple memberships in the name of a single employee of that member organization, thereby only allowing one vote for the memberships held in the name of that single employee; simply transferring those memberships to different employees would permit those memberships to be voted. However, there are fees—specifically the application, initiation and transfer fees—that may be associated with the transfer of memberships.

The purpose of the proposed rule change is to allow members who own multiple memberships to transfer some of their memberships to others during the time periods specified above, in order to maximize voting rights, without imposing a significant cost to those members. As a result, members who hold legal title to more than one regular membership during the applicable period will be able to transfer memberships without incurring significant costs. The Exchange believes that this will enable more memberships to be voted with respect to the demutualization if the legal titleholders of the memberships choose to do so.

2. Statutory Basis

The Exchange believes that the proposal to amend its schedule of dues, fees and charges is consistent with Section 6(b) of the Act¹² in general, and furthers the objectives of Section 6(b)(4)

¹⁰ In the proposed Demutualization, the Phlx is seeking approval to convert from a non-stock mutual corporation that is precluded from paying dividends, into a for-profit stock corporation that may pay dividends. The transaction, if approved, would take place in two stages: (1) an amendment to the Phlx's Certificate of Incorporation; and (2) a merger by the Phlx with and into a subsidiary created for this purpose.

¹¹ See Phlx By-Law Article XII, Section 12-1(b), except as provided by Article Thirteenth of the Phlx's Certificate of Incorporation.

¹² 15 U.S.C. 78f(b).

of the Act¹³ in particular, in that it is an equitable allocation of reasonable dues, fees, and other charges among Exchange members. This proposal applies to all members who hold legal title to more than one regular membership. The Exchange believes that this temporary fee waiver and refund should maximize member voting rights in connection with the Exchange's proposed plan to demutualize.

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

The Exchange does not believe that the proposed rule change will impose 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 on the proposed rule change were neither solicited nor received.

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

The proposed rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act¹⁴ and subparagraph (f)(2) of Rule 19b-4 thereunder,¹⁵ because it establishes or changes a due, fee, or other charge imposed by the Exchange. At any time within 60 days after the filing of the proposed rule change, the Commission may summarily abrogate such 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

¹³ 15 U.S.C. 78f(b)(4).

¹⁴ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁵ 17 CFR 240.19b-4(f)(2).

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 Phlx. All submissions should refer to file number SR-Phlx-2003-69 and should be submitted by November 18, 2003.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁶

Margaret H. McFarland,
Deputy Secretary.

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

**Advisory Circular (AC) 20-27F,
Certification and Operation of
Amateur-Built Aircraft**

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of availability.

SUMMARY: This notice announces the availability of AC 20-27F, Certification and Operation of Amateur-Built Aircraft. AC 20-27F provides information and guidance concerning an acceptable means, but not the only means, of demonstrating compliance with the requirements of Title 14 Code of Federal Regulations, part 21, Certification Procedures for Products and Parts, regarding Certification and Operation of Amateur-Built Aircraft.

ADDRESSES: Copies of AC 20-27F can be obtained from the following: U.S. Department of Transportation, Subsequent Distribution Office, Ardmore East Business Center, 3341 Q 75th Ave, Landover, MD 20785. This AC can also be obtained at no charge from the Internet at www.airweb.faa.gov/Regulatory_and_Guidance_Library/rgWebcomponents.nsf/HomeFrame?OpenFrameSet.

Issued in Washington, DC, on September 26, 2003.

Frank P. Paskiewicz,
*Manager, Production and Airworthiness
Division, AIR-200.*

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¹⁶ 17 CFR 200.30-3(a)(12).