

regulatory organizations<sup>15</sup> and raises no new issues.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning Amendment No. 2, including whether Amendment No. 2 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-PCX-2003-35 and should be submitted by December 29, 2003.

#### V. Conclusion

*It is therefore ordered*, pursuant to section 19(b)(2) of the Act,<sup>16</sup> that the portions of the proposed rule change (File No. SR-PCX-2003-35) set forth above relating to compliance with Rule 10A-3 under the Act be, and hereby are, approved, and that Amendment No. 2 relating to complaint procedures of audit committees of investment companies be granted accelerated approval.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>17</sup>

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

[FR Doc. 03-30353 Filed 12-5-03; 8:45 am]

**BILLING CODE 8010-01-P**

#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48851; File No. SR-Phlx-2003-77]

#### Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to the Renewal of a Pilot Program To Disengage the Automatic Execution Feature (AUTO-X) of the Exchange's Automated Options Market (AUTOM)

November 26, 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 November 19, 2003, 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, II, and III, below, which Items have been prepared by the Phlx. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons, and granting accelerated approval to the proposal for a pilot period of one year.

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

The Phlx proposes to extend, for a one-year period, its Pilot program concerning AUTO-X, whereby AUTO-X is disengaged for a period of 30 seconds after the number of contracts automatically executed in a given class of options meets the specified disengagement size for the option (the "Pilot").<sup>3</sup> The Exchange also proposes to amend Exchange Rule 1080, Philadelphia Stock Exchange Automated Options Market (AUTOM) and Automatic Execution System (AUTO-X),<sup>4</sup> to reflect a systems change

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

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

<sup>3</sup> Pursuant to a telephone conversation between Richard S. Rudolph, Director and Counsel, Phlx, and Marc McKayle, Special Counsel, Division of Market Regulation ("Division"), Commission on November 25, 2003, the sentence was changed to clarify that the Pilot relates to option classes.

<sup>4</sup> AUTOM is the Exchange's electronic order delivery, routing, execution and reporting system, which provides for the automatic entry and routing of equity option and index option orders to the Exchange trading floor. Orders delivered through AUTOM may be executed manually, or certain orders are eligible for AUTOM's automatic execution feature, AUTO-X. Equity option and index option specialists are required by the Exchange to participate in AUTOM and its features and enhancements. Option orders entered by Exchange members into AUTOM are routed to the appropriate specialist unit on the Exchange trading floor. See Exchange Rule 1080.

to the Pilot that was previously filed for immediate effectiveness with the Commission.<sup>5</sup> The text of the proposed rule change is set forth below. Brackets indicate deletions; indicates new text.

Philadelphia Stock Exchange Automated Options Market (AUTOM) and Automatic Implementation System (AUTO-X)

Rule 1080. (a)-(b) No change.

(c) (i)-(iii) No change.

(iv) (A)-(H) No change.

(I) when the number of contracts automatically executed within a 15 second period in an option (subject to a Pilot program until November 30, 2003[4] exceeds the specified disengagement size, a 30 second period ensues during which subsequent orders are handled manually. *If the Exchange's disseminated size exceeds the specified disengagement size and an eligible order is delivered for a number of contracts that is greater than the specified disengagement size, such an order will be automatically executed up to the disseminated size, followed by an AUTO-X disengagement period of 30 seconds. If the specialist revises the quotation in such an option prior to the expiration of such 30-second period, eligible orders in such an option shall again be executed automatically.*

(v) No change.

(d)-(j) No change.

Commentary:

.01-.07 No change.

#### 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 Phlx included statements concerning the purpose of, and the 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 Phlx 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 purpose of the proposed rule change is to extend the Pilot for a one-year period, and to amend Exchange Rule 1080(c)(iv)(I) to reflect a systems change to the Pilot, as more fully

<sup>5</sup> See Securities Exchange Act Release No. 48430 (September 3, 2003), 68 FR 53415 (September 10, 2003) (SR-Phlx-2003-52).

<sup>15</sup> See NYSE/NASD Corporate Governance Release, *supra* n. 9.

<sup>16</sup> 15 U.S.C. 78s(b)(2).

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

described below. The Pilot was originally approved on a six-month basis for a limited number of eligible options<sup>6</sup> and extended for an additional six-month period.<sup>7</sup> Subsequently, the number of options eligible for the Pilot was expanded to include all Phlx-traded options.<sup>8</sup> In December 2001, the Pilot was extended again for an additional six-month period;<sup>9</sup> and extended again in May 2002,<sup>10</sup> November 2002,<sup>11</sup> and May 2003.<sup>12</sup> In September 2003, the Exchange filed a proposed rule change reflecting a system change to the Pilot, which is described more fully below.<sup>13</sup> The instant proposed rule change would codify the functionality of the system change in Exchange Rule 1080(c)(iv)(I), and would extend the Pilot for an additional one-year period.

The Pilot currently includes the following features:

- Once an automatic execution occurs via AUTO-X in an option, the system begins a "counting" program, which counts the number of contracts executed automatically for that option up to a certain size,<sup>14</sup> which causes AUTO-X to become disengaged for that option.

- When the number of contracts executed automatically for that option exhausts the specified disengagement size for the specific option within a 15 second time frame, the system ceases to automatically execute for that option, and drops all AUTO-X eligible orders in that option for manual handling by the specialist for a period of 30 seconds in order to enable the specialist to refresh quotes in that option.

<sup>6</sup> See Securities Exchange Act Release No. 43652 (December 1, 2000), 65 FR 77059 (December 8, 2000) (SR-Phlx-00-96).

<sup>7</sup> See Securities Exchange Act Release No. 44362 (May 29, 2001), 66 FR 30037 (June 4, 2001) (SR-Phlx-2001-56).

<sup>8</sup> See Securities Exchange Act Release No. 44760 (August 31, 2001), 66 FR 47253 (September 11, 2001) (SR-Phlx-2001-79).

<sup>9</sup> See Securities Exchange Act Release No. 45090 (November 21, 2001), 66 FR 59834 (November 30, 2001) (SR-Phlx-2001-100).

<sup>10</sup> See Securities Exchange Act Release No. 45862 (May 1, 2002), 67 FR 30990 (May 8, 2002) (SR-Phlx-2002-22).

<sup>11</sup> See Securities Exchange Act Release No. 46840 (November 15, 2002), 67 FR 70473 (November 22, 2002) (SR-Phlx-2002-59).

<sup>12</sup> See Securities Exchange Act Release No. 47955 (May 30, 2003), 68 FR 34458 (June 9, 2003) (SR-Phlx-2003-29).

<sup>13</sup> See *supra* note 5.

<sup>14</sup> Exchange Rule 1080(c)(iv)(I) provides that, when the number of contracts automatically executed within a 15 second period in an option exceeds the "specified disengagement size," a 30 second period ensues during which subsequent orders are handled manually. The specified disengagement size is determined by the specialist and subject to the approval of the Exchange's Options Committee. The specified disengagement size for each option is listed on the Exchange's web site.

- Upon the expiration of 30 seconds, automatic executions resume, the "counting" program is set to zero and it begins counting the number of contracts executed automatically within a 15 second time frame again, up to the specified disengagement size.

Again, when the number of contracts automatically executed exhausts the specified disengagement size within a 15 second time frame, the system drops all subsequent AUTO-X eligible orders for manual handling by the specialist for a period of 30 seconds. The system then continues to reset the "counting" program and drop to manual, etc.

In April 2003, the Commission approved a proposal by the Exchange to provide automatic executions for eligible inbound orders (for the account(s) of both customers and broker-dealers) at the Exchange's disseminated price, up to the disseminated size, replacing the previous Exchange rule that allowed a pre-set "AUTO-X guarantee" size, in which eligible orders would be automatically executed up to that AUTO-X guarantee, regardless of the Exchange's disseminated size.<sup>15</sup> Previously, if the Exchange's disseminated size in a particular series was greater than the AUTO-X guarantee, eligible orders delivered via AUTOM for a size greater than the AUTO-X guarantee would be automatically executed at the AUTO-X guaranteed size, and the remainder of the order would be executed manually by the specialist at the disseminated price, up to the remaining disseminated size, in accordance with the Exchange's rules regarding firm quotations.<sup>16</sup>

Because the Exchange currently guarantees automatic executions for eligible orders up to the Exchange's disseminated size, the Exchange has developed a new system that automatically executes eligible orders up to the disseminated size in a given series regardless of the specified disengagement size. Thus, if the disseminated size exceeds the specified disengagement size for the series, and an eligible order is delivered for a number of contracts that is greater than the specified disengagement size, the order will be executed up to the disseminated size, followed by an AUTO-X disengagement period of 30 seconds.<sup>17</sup> If the specialist revises the

<sup>15</sup> See Securities Exchange Act Release No. 47646 (April 8, 2003), 68 FR 17976 (April 14, 2003) (SR-Phlx-2003-18).

<sup>16</sup> See Exchange Rule 1082.

<sup>17</sup> If either a market order or a limit order is larger than the disseminated size, the remaining unexecuted portion of the order would be manually handled by the specialist in accordance with

quote in the series prior to the expiration of 30 seconds, AUTO-X will be automatically re-engaged. The instant proposal would amend Rule 1080(c)(iv)(I) to reflect this enhancement to the system.

The Exchange believes that the system should enable specialists to continue to fulfill their obligations to make fair and orderly markets during periods of peak market activity, while simultaneously enabling them to meet the requirement to provide automatic executions up to the disseminated size, regardless of whether the specified disengagement size is for a number of contracts that is less than the disseminated size.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>18</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>19</sup> in particular, in that it is designed to perfect the mechanisms of a free and open market and the national market system, protect investors and the public interest and promote just and equitable principles of trade by providing automatic executions for eligible orders up to the Exchange's disseminated size, while continuing to enable Exchange specialists to maintain fair and orderly markets during periods of peak market activity.

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

The Exchange 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 either 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 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

Exchange Rules. Telephone conversation between Richard S. Rudolph, Director and Counsel, Phlx, and Marc McKayle, Special Counsel, Division, Commission on November 26, 2003.

<sup>18</sup> 15 U.S.C. 78f(b).

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

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 Phlx. All submissions should refer to File No. SR-Phlx-2003-77 and should be submitted by December 29, 2003.

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

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>20</sup> In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act, which requires that the rules of an exchange be designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national securities system, and protect investors and the public interest.<sup>21</sup>

The Commission believes that the extension of the Pilot should assist specialists in maintaining fair and orderly markets during periods of peak market activity. In that regard, the Commission notes that in response to Commission staff concerns the Exchange modified its system to provide that if the disseminated size exceeds the specified disengagement size and an eligible order is delivered for a number of contracts that is greater than the specified disengagement size, such an order will be automatically executed up to the disseminated size. The Commission believes that an extension of the Pilot program for a one-year period should allow the Exchange to continue its efforts to deploy more fully automate its systems.

Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,<sup>22</sup> for approving the proposed rule change prior to the thirtieth day after the date of publication of notice thereof in the **Federal Register**. The

Commission recognizes that, according to the Phlx, no complaints from customers, floor traders, or member firms have been received during the entire period of the Pilot program.<sup>23</sup> The Commission believes that granting accelerated approval to extend the Pilot program for one additional year will allow Phlx to continue, without interruption, the existing operation of its AUTO-X system.

#### V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>24</sup> that the proposed rule change (SR-Phlx-2003-77) is hereby approved on an accelerated basis, as a one-year Pilot, scheduled to expire on November 30, 2004.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>25</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 03-30357 Filed 12-5-03; 8:45 am]

**BILLING CODE 8010-01-P**

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#### TENNESSEE VALLEY AUTHORITY

##### Paperwork Reduction Act of 1995, as Amended by Public Law 104-13; Proposed Collection; Comment Request

**AGENCY:** Tennessee Valley Authority.

**ACTION:** Proposed collection; comment request.

**SUMMARY:** The proposed information collection described below will be submitted to the Office of Management and Budget (OMB) for review, as required by the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35, as amended). The Tennessee Valley Authority is soliciting public comments on this proposed collection as provided by 5 CFR 1320.8(d)(1). Requests for information, including copies of the information collection proposed and supporting documentation, should be directed to the Agency Clearance Officer: Alice D. Witt, Tennessee Valley Authority, 1101 Market Street (EB 5B), Chattanooga, TN 37402-2801; (423) 751-6832. (SC: 000YZ1N) Comments should be sent to the Agency Clearance Officer no later than February 6, 2004.

##### SUPPLEMENTARY INFORMATION:

Type of Request: Regular submission, proposal to extend a currently approved

collection of information (OMB control number 3316-0062).

*Title of Information Collection:* TVA Procurement Documents, including Invitation to Bid, Request for Proposal, Request for Quotation, and other related Procurement or Sales Documents.

*Frequency of Use:* On occasion.

*Type of Affected Public:* Individuals or households, businesses or other for-profit, non-profit institutions, small businesses or organizations.

*Small Business or Organizations Affected:* Yes.

*Federal Budget Functional Category Code:* 999.

*Estimated Number of Annual Responses:* 24,300.

*Estimated Total Annual Burden Hours:* 49,100.

*Estimated Average Burden Hours Per Response:* 0.49.

*Need For and Use of Information:* TVA procures goods and services to fulfill its statutory obligations and sells surplus items to recover a portion of its investment costs. This activity must be conducted in compliance with a variety of applicable laws, regulations, and Executive Orders. Vendors and purchasers who voluntarily seek to contract with TVA are affected.

**Jacklyn J. Stephenson,**

*Manager, Enterprise Operations, Information Services.*

[FR Doc. 03-30341 Filed 12-5-03; 8:45 am]

**BILLING CODE 8120-08-P**

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#### OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

##### Request for Comments Concerning Compliance With Telecommunications Trade Agreements

**AGENCY:** Office of the United States Trade Representative.

**ACTION:** Notice of request for public comment and reply comment.

**SUMMARY:** Pursuant to section 1377 of the Omnibus Trade and Competitiveness Act of 1988 (19 U.S.C. 3106) ("section 1377"), the Office of the United States Trade Representative ("USTR") is reviewing, and requests comments on: the operation and effectiveness of and the implementation of and compliance with the World Trade Organization ("WTO") Basic Telecommunications Agreement; other WTO agreements affecting market opportunities for telecommunications products and services of the United States; the telecommunications provisions of the North American Free Trade Agreement ("NAFTA"); Chile and

<sup>20</sup> In approving this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>21</sup> 15 U.S.C. 78f(b)(5).

<sup>22</sup> 15 U.S.C. 78s(b)(2).

<sup>23</sup> Pursuant to telephone conversation between Richard S. Rudolph, Director and Counsel, Phlx, and Marc McKayle, Special Counsel, Division, Commission on November 24, 2003.

<sup>24</sup> 15 U.S.C. 78s(b)(2).

<sup>25</sup> 17 CFR 200.30-3(a)(12).