

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

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

[FR Doc. 01-29720 Filed 11-29-01; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45101; File No. SR-NASD-2001-76]

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto by the National Association of Securities Dealers, Inc. Amending NASD Rules 4510, 4520 and 4530 Relating to Issuer Entry and Annual Fee Schedules

November 23, 2001.

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 31, 2001, the National Association of Securities Dealers, Inc. ("NASD" or "Association") through its subsidiary The Nasdaq Stock Market, Inc. ("Nasdaq") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the NASD. Amendment No. 1 was filed on November 21, 2001.<sup>3</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The NASD has filed with the Commission a proposed rule change to amend Association Rules 4510, 4520 and 4530 pertaining to Issuer Entry and Annual Fee Schedules for the National and SmallCap Markets for both domestic and non-U.S. listings and make conforming changes.

The text of the proposed rule change appears below. New text is in italics. Deletions are in brackets.

\* \* \* \* \*

#### 4510. The Nasdaq National Market

##### (a) Entry Fee

[(1) When an Issuer submits an application for inclusion of any class of its securities in the Nasdaq National Market, it shall pay to The Nasdaq Stock Market, Inc.:

(A) a one-time company listing fee of \$5,000 (which shall include a \$1,000 non-refundable processing fee); and (B) a fee calculated on total shares outstanding according to the following schedule:

Up to 1 million shares	\$29,525
1+ to 2 million shares	\$33,750
2+ to 3 million shares	\$43,750
3+ to 4 million shares	\$48,750
4+ to 5 million shares	\$55,000
5+ to 6 million shares	\$58,725
6+ to 7 million shares	\$61,875
7+ to 8 million shares	\$64,375
8+ to 9 million shares	\$67,875
9+ to 10 million shares	\$70,625
10+ to 11 million shares	\$73,875
11+ to 13 million shares	\$76,625
12+ to 13 million shares	\$79,875
13+ to 14 million shares	\$82,000
14+ to 15 million shares	\$83,500
15+ to 16 million shares	\$85,500
Over 16 million shares	\$90,000]

*(1) When a domestic Issuer, or foreign Issuer raising capital in conjunction with its Nasdaq listing, submits an application for inclusion of any class of its securities in The Nasdaq National Market, it shall pay to The Nasdaq Stock Market, Inc. a fee calculated on total shares outstanding, which includes a one-time company listing fee of \$5,000 (\$1,000 of which is a non-refundable processing fee), according to the following schedule:*

Up to 30 million shares	\$100,000
30+ to 50 million shares	\$125,000
Over 50 million shares	\$150,000

*(2) When a foreign Issuer not raising capital in conjunction with its Nasdaq listing, including American Depository Receipts (ADRs), submits an application for inclusion of any class of its securities in The Nasdaq National market, it shall pay to The Nasdaq Stock Market, Inc. a fee calculated on total shares outstanding, which includes a one-time company listing fee of \$5,000 (\$1,000 of which is a non-refundable processing fee), according to the following schedule:*

Up to 3 million shares	\$50,000
3+ to 5 million shares	\$75,000
5+ to 30 million shares	\$100,000
30+ to 50 million shares	\$125,000
Over 50 million shares	\$150,000

[(2)](3) Total shares outstanding means the aggregate of all classes of equity securities to be included in [t]The Nasdaq National Market as shown in the Issuer's most recent

periodic report or in more recent information held by Nasdaq or, in the case of new issues, as shown in the offering circular, required to be filed with the Issuer's appropriate regulatory authority. In the case of foreign Issuers, total shares outstanding shall include only those shares issued and outstanding in the United States.

[(3)] (4) The Board of Directors of The Nasdaq Stock Market, Inc. or its designee may, in its discretion, defer or waive all or any part of the Entry fee prescribed herein.

[(4)] (5) If the application is withdrawn or is not approved, the Entry fee (less the non-refundable processing fee) shall be refunded.

##### (b) Additional Shares

(1)-(4) No Change

##### (c) Annual Fee—Domestic and Foreign Issues

(1) [As of January 1, 1998, t]The Issuer of each class of securities, *other than an ADR*, that is a domestic or foreign issue listed in [t]The Nasdaq National Market shall pay to The Nasdaq Stock Market, Inc. an Annual fee calculated on total shares outstanding according to the following schedule:

[Up to 1 million shares	\$10,710
1+ to 2 million shares	\$10,960
2+ to 3 million shares	\$11,210
3+ to 4 million shares	\$11,460
4+ to 5 million shares	\$11,710
5+ to 6 million shares	\$11,960
6+ to 7 million shares	\$12,210
7+ to 8 million shares	\$12,460
8+ to 9 million shares	\$12,710
9+ to 10 million shares	\$12,960
10+ to 11 million shares	\$17,255
11+ to 12 million shares	\$17,505
12+ to 13 million shares	\$17,755
13+ to 14 million shares	\$18,005
14+ to 15 million shares	\$18,255
15+ to 16 million shares	\$18,505
16+ to 20 million shares	\$18,755
20+ to 25 million shares	\$22,795
25+ to 50 million shares	\$26,625
50+ to 75 million shares	\$32,625
75+ to 100 million shares	\$43,125
Over 100 million shares	\$50,000]
Up to 10 million shares	\$21,225
10+ to 25 million shares	\$26,500
25+ to 50 million shares	\$29,820
50+ to 75 million shares	\$39,150
75+ to 100 million shares	\$51,750
Over 100 million shares	\$60,000

(2)-(3) No Change

(4) [The Annual fee shall be based on the total shares outstanding of the class] *Total shares outstanding means the aggregate of all classes of equity securities included in [t]The Nasdaq National Market as shown in the Issuer's most recent periodic report required to be filed with the Issuer's appropriate*

<sup>7</sup> 17 CFR 200.30-3 (a)(12).

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

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

<sup>3</sup> See letter from Sara Nelson Bloom, Associate General Counsel, Nasdaq, to Katherine A. England, Assistant Director, Division of Market Regulation ("Division"), Commission, dated November 21, 2001 ("Amendment No. 1"). In Amendment No. 1, the NASD made clarifying changes to the rule text, provided greater detail as to the basis for the proposed rule change, deleted all references to its request for accelerated approval, and requested that the proposed fees apply as of January 1, 2002.

regulatory authority or in more recent information held by Nasdaq. In the case of foreign Issuers, total shares outstanding shall include only those shares issued and outstanding in the United States.

**(d) Annual Fee—American Depositary Receipts (ADRs)**

(1) The Issuer of each class of securities that is an ADR listed in [t]The Nasdaq National Market shall pay to The Nasdaq Stock Market, Inc. an Annual fee [to be computed as follows with a maximum Annual fee of \$8,000 per Issuer] *calculated on ADRs outstanding according to the following schedule not to exceed \$30,000 per Issuer:*

Up to 10 million ADRs	\$10,000
10+ to 25 million ADRs	\$15,000
25+ to 50 million ADRs	\$20,000
50+ to 75 million ADRs	\$22,500
75+ to 100 million ADRs	\$25,000
Over 100 million ADRs	\$30,000

[(A) a \$2,000 Nasdaq National Market participation fee; and (B) the sum of \$500 or \$.0005 per share outstanding, whichever is higher, up to a maximum of \$6,000 for class of securities listed in the Nasdaq National Market.]

(2) [The Annual fee shall be based on the total shares outstanding of the class] *ADRs outstanding means the aggregate of all classes of ADRs included in [t]The Nasdaq National Market as shown in the Issuer's most recent periodic report required to be filed with the Issuer's appropriate regulatory authority or in more recent information held by Nasdaq.*

(3)–(4) No change

**4520. The Nasdaq SmallCap Market**

**(a) Entry Fee**

(1) When an Issuer submits an application for inclusion of any class of its securities, *other than convertible debentures*, in the Nasdaq SmallCap Market, it shall pay to The Nasdaq Stock Market, Inc.[:] *a fee calculated on total shares outstanding, which includes a one-time company listing fee of \$5,000 (\$1,000 of which is a non-refundable processing fee), according to the following schedule:*

Up to 1 million shares	\$9,500
1+ to 5 million shares	\$19,000
5+ to 10 million shares	\$30,875
10+ to 15 million shares	\$40,375
Over 15 million shares	\$47,500

[(A) a one-time company listing fee of \$5,000 (which shall include a \$1,000 non-refundable processing fee); and (B) for each class of securities listed, a fee to be computed as follows, with a maximum Entry fee for all classes of securities listed, regardless of the dates

those securities are listed, of \$10,000 per Issuer (inclusive of the \$5,000 company listing fee)

**(i) Equity Securities**

\$1,000 or \$.001 per share outstanding, whichever is higher. For purposes of this subparagraph, the term “equity securities” includes all securities eligible for inclusion in The Nasdaq SmallCap Market not covered by subparagraph (ii) hereof.\*

**(ii) Convertible Debentures**

\$1,000 or \$50 per million dollars face amount of debentures outstanding, whichever is higher.]

*(2) When an Issuer submits an application for inclusion of any class of convertible debentures in The Nasdaq SmallCap Market, it shall pay to The Nasdaq Stock Market, Inc. a one-time company listing fee of \$5,000 (which shall include a \$1,000 non-refundable processing fee) and a fee of \$1,000 or \$50 per million dollars face amount of debentures outstanding, whichever is higher.*

[(2)] (3) The Board of Directors of The Nasdaq Stock Market, Inc. or its designee may, in its discretion, defer or waive all or any part of the Entry fee prescribed herein.

[(3) The Entry fee shall be based on the total shares outstanding of the class] *(4) Total shares outstanding means the aggregate of all classes of equity securities to be included in The Nasdaq SmallCap Market as shown in the Issuer's most recent periodic report or in more recent information held by Nasdaq or, in the case of new issues, as shown in the offering circular, required to be filed with the Issuer's appropriate regulatory authority.*

[(4)] (5) If the application is withdrawn or is not approved, the Entry fee (less the non-refundable processing fee) shall be refunded.

**(b) Additional Shares**

(1)–(4) No Change

**(c) Annual Fee—Domestic and Foreign Issues]**

(1) [As of January 1, 1993, t]The Issuer of a class of securities that is a domestic or foreign issue, *including American Depositary Receipts (ADRs)*, listed in The Nasdaq SmallCap Market shall pay to The Nasdaq Stock Market, Inc. an Annual fee to be computed as follows:

[\* The term “shares” shall include common and preferred stock, American Depositary Receipts (ADRs), warrants, partnership interests, or any other security listed on the Nasdaq SmallCap Market. In the case of units, each component, but not the unit itself, shall be considered separately as an “equity security” for fee purposes.]

(A) [\$4,000] *\$8,000* for the first issue; plus  
(B) [\$1,000] *\$2,000* for each additional issue.

*(2) Notwithstanding paragraph (1), the Issuer of each class of convertible debentures listed in The Nasdaq SmallCap Market shall pay to The Nasdaq Stock Market, Inc. an Annual fee of \$500 or \$25 per million dollars face amount of debentures outstanding, whichever is higher.*

[(2)] (3) The Board of Directors of The Nasdaq Stock Market, Inc. or its designee may, in its discretion, defer or waive all or any part of the Annual fee prescribed herein.

[(3)] (4) If a class of securities is removed from The Nasdaq SmallCap Market, that portion of the Annual fees for such class of securities attributable to the months following the date of removal shall not be refunded, except such portion shall be applied to Nasdaq National Market fees for that calendar year.

**[(d) Annual Fee—American Depositary Receipts (ADRs)]**

(1) The Issuer of each class of securities that is an ADR listed in The Nasdaq SmallCap Market shall pay to The Nasdaq Stock Market, Inc. an Annual fee to be computed as follows with a maximum Annual fee of \$6,000 per Issuer

**(A) Equity Securities**

\$500 or \$.0005 per share outstanding, whichever is higher. For purposes of this subparagraph, the term “equity securities” includes all securities eligible for inclusion in the Nasdaq SmallCap Market not covered by subparagraph (B) of this paragraph.\*\*

**(B) Convertible Debentures**

\$500 or \$25 per million dollars face amount of debentures outstanding, whichever is higher.

(2) The Annual fee shall be based on the total amount of outstanding securities of the class included in The Nasdaq SmallCap Market as shown in the Issuer's most recent periodic report required to be filed with the Issuer's appropriate regulatory authority and received by The Nasdaq Stock Market, Inc.

(3) The Board of Governors of the Association, or its designee may, in its discretion, defer or waive all or any part of the Annual fee prescribed herein.

(4) If a class of securities is removed from The Nasdaq SmallCap Market, that portion of the Annual fees for such class of securities attributable to the months

[\*\* See notes to Rule 4520(a)(1)(B)(i), above.]

following the date of removal shall not be refunded, except such portion shall be applied to Nasdaq National Market fees for that calendar year.]

#### 4530. Other Securities

##### (a) Entry Fee

(1) When an Issuer submits an application for inclusion of any Other Security in The Nasdaq National Market qualified for listing under Rule 4420(f) it shall pay a fee (\$1,000 of which is a non-refundable processing fee) calculated on total shares outstanding according to the following schedule:

Up to 1 million shares	\$5,000
1+ to 2 million shares	\$10,000
2+ to 3 million shares	\$15,000
3+ to 4 million shares	\$17,500
4+ to 5 million shares	\$20,000
5+ to 6 million shares	\$22,500
6+ to 7 million shares	\$25,000
7+ to 8 million shares	\$27,500
8+ to 9 million shares	\$30,000
9+ to 10 million shares	\$32,500
10+ to 15 million shares	\$37,500
Over 15 million shares	\$45,000

(2) Total shares outstanding means the aggregate of all classes of Other Securities to be included in The Nasdaq National Market as shown in the Issuer's most recent periodic report or in more recent information held by Nasdaq or, in the case of new issues, as shown in the offering circular, required to be filed with the Issuer's appropriate regulatory authority.

(3) The Board of Directors of The Nasdaq Stock Market, Inc. or its designee may, in its discretion, defer or waive all or any part of the Entry fee prescribed herein.

(4) If the application is withdrawn or is not approved, the Entry fee (less the non-refundable processing fee) shall be refunded.

##### (b) Annual Fee

(1) The Issuer of Other Securities qualified under Rule 4420(f) for listing on The Nasdaq National Market shall pay to The Nasdaq Stock Market, Inc. an Annual fee calculated on total shares outstanding according to the following schedule:

Up to 1 million shares	\$6,500
1+ to 2 million shares	\$7,000
2+ to 3 million shares	\$7,500
3+ to 4 million shares	\$8,000
4+ to 5 million shares	\$8,500
5+ to 6 million shares	\$9,000
6+ to 7 million shares	\$9,500
7+ to 8 million shares	\$10,000
8+ to 9 million shares	\$10,500
9+ to 10 million shares	\$11,000
10+ to 11 million shares	\$11,500
11+ to 12 million shares	\$12,000
12+ to 13 million shares	\$12,500

13+ to 14 million shares	\$13,000
14+ to 15 million shares	\$13,500
15+ to 16 million shares	\$14,000
Over 16 million shares	\$14,500

(2) The Board of Directors of The Nasdaq Stock Market, Inc. or its designee may, in its discretion, defer or waive all or any part of the Annual fee prescribed herein.

(3) Total shares outstanding means the aggregate of all classes of Other Securities as shown in the Issuer's most recent periodic report required to be filed with the Issuer's appropriate regulatory authority or in more recent information held by Nasdaq.

#### 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 NASD 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 IV below. The NASD 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 NASD<sup>4</sup> proposes to amend the Association Rules 4510, 4520 and 4530 pertaining to Issuer Entry and Annual fees on The Nasdaq National Market and SmallCap Market for both domestic and foreign listings. It has been approximately ten years since the NASD amended the Entry and Annual fees for SmallCap<sup>5</sup> and ADR listings,<sup>6</sup> and four years since it amended the National Market Entry and Annual fees.<sup>7</sup> During

<sup>4</sup> The proposed rule change and Amendment No. 1 thereto was submitted by the NASD on behalf of its subsidiary, Nasdaq. Telephone conversation between John Nachmann, Senior Attorney, Nasdaq, and Terri Evans, Assistant Director, Division, Commission, on November 21, 2001.

<sup>5</sup> Telephone conversation between John Nachmann, Senior Attorney, Nasdaq, and Christopher Solgan, Law Clerk, Division, Commission, on November 23, 2001 (clarifying the date of last change). See Securities Exchange Act Release No. 30143 (January 2, 1992), 57 FR 726 (January 8, 1992).

<sup>6</sup> Telephone conversation between John Nachmann, Senior Attorney, Nasdaq, and Christopher Solgan, Law Clerk, Division, Commission, on November 23, 2001 (clarifying the date of last change). See Securities Exchange Act Release No. 28731 (January 2, 1991), 59 FR 906 (January 9, 1991).

<sup>7</sup> See Securities Exchange Act Release No. 39613 (February 2, 1998), 63 FR 6789 (February 10, 1998).

that extended period, the NASD has committed increased resources to provide regulatory oversight, client coverage, and professional services to listed companies. For example, additional resources were committed to fund regulatory costs associated with the institution of corporate governance requirements on The SmallCap Market in 1997. Additionally, Nasdaq has invested in many market improvements such as Nasdaq Online, the Nasdaq Marketsite, and enhancements to Nasdaq.com, as well as market quality improvements such as decimalization, SuperSoes, and the development of SuperMontage. Nasdaq also plans to commit further resources to fund service enhancements requested by Nasdaq companies. In particular, Nasdaq proposes to create a telephone and technology based corporate-client information center to provide Nasdaq companies with a range of integrated products and services in a more centralized and timely manner.<sup>8</sup>

The NASD proposes to increase Entry and Annual fees for The Nasdaq National Market, including American depository Receipts ("ADRs"). Nasdaq National Market Entry fees would be split into two fee schedules; one schedule for all U.S. Issuers and foreign Issuers raising capital in conjunction with their listing on Nasdaq; and another schedule for foreign Issuers that are not raising capital in connection with their listing. This second schedule has somewhat lower fees for foreign listings under 5 million shares, in recognition of the fact that these listings are non-capital raising and generally represent secondary market listings. The NASD will also increase its existing National Market Annual fee structure.

The NASD proposes to increase Entry and Annual fees for The Nasdaq SmallCap Market as well. ADRs on the SmallCap Market will follow the same fee schedule as domestic and foreign issues. Finally, the NASD intends to add a new fee schedule to the NASD Rule 4500 Series for Other Securities qualified under NASD Rule 4420(f). Finally, the NASD has requested that the new fees apply as of January 1, 2002 in order to be consistent with the expectations of Nasdaq listed companies and to ease administration of the fees.<sup>9</sup>

###### (2) Statutory Basis

The NASD believes that the proposed rule change is consistent with the provisions of sections 15A(b)(5)<sup>10</sup> and

<sup>8</sup> See Amendment No. 1, *supra* note 3.

<sup>9</sup> See Amendment No. 1, *supra* note 3.

<sup>10</sup> 15 U.S.C. 78o-3(b)(5).

(6)<sup>11</sup> of the Act. The proposed rule change is consistent with section 15A(b)(5)<sup>12</sup> in that it provides for the equitable allocation of reasonable dues, fees, and other charges among Issuers using the Nasdaq system. The proposed rule change is also consistent with section 15A(b)(6)<sup>13</sup> in that it is designed to promote just and equitable principles of trade and does not permit unfair discrimination between customers, Issuers, brokers or dealers. As noted above, the fee increase reflects additional costs that Nasdaq incurs for services provided to Issuers.

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

The NASD does not believe that the proposed rule change 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*

The NASD neither solicited nor received written comments.

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

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding, or (ii) as to which the Exchange consents, the Commission will:

(A) by order approve such proposed rule change; or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

### **IV. 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 Association. All submissions should refer to File No. SR-NASD-2001-76 and should be submitted by December 21, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>14</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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### **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-45102; File No. SR-NASD-2001-59]

#### **Self-Regulatory Organizations; Order Granting Approval of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Fees for Historical Research Reports and Licensing the Redistribution of Information From Such Reports**

November 26, 2001.

On September 25, 2001, the National Association of Securities Dealers, Inc. ("NASD" or "Association"), through its subsidiary, The Nasdaq Stock Market, Inc. ("Nasdaq"), filed with the Securities and Exchange Commission ("Commission"), 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> a proposed rule change to amend subsection (p) of NASD Rule 7010, System Services, to modify the fees charged for historical research reports provided through Nasdaq's Nasdaq Trader.com web site, and to establish a fee for licensing the redistribution of information contained in such reports.

The proposal was published in the **Federal Register** on October 22, 2001.<sup>3</sup> The Commission received no comments on the proposal.

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 association<sup>4</sup> and, in particular, the requirements of section 15A of the Act<sup>5</sup> and the rules and regulations thereunder. The Commission finds specifically that the proposed rule change is consistent with sections 15A(b)(5) and (6) of the Act.<sup>6</sup> Section 15A(b)(5) requires the equitable allocation of reasonable fees and charges among members and other users of facilities operated or controlled by a national securities association. Section 15A(b)(6) requires rules that foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, and that are not designed to permit unfair discrimination between customers, issuers, brokers or dealers.

*It Is Therefore Ordered*, pursuant to section 19(b)(2) of the Act,<sup>7</sup> that the proposed rule change (SR-NASD-2001-59), be, and it hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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### **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-45095; File No. SR-PHLX-2001-68]

#### **Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Regarding Notification of Changes in Business Operations and the Minor Rule Violation Enforcement and Reporting Plan**

November 21, 2001.

On July 19, 2001, 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")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to adopt an Equity Floor Procedure Advice and an Options Floor Procedure Advice, with fine schedules under the Phlx's

<sup>4</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>5</sup> 15 U.S.C. 78o-3.

<sup>6</sup> 15 U.S.C. 78o-3(b)(5) and (6).

<sup>7</sup> 15 U.S.C. 78s(b)(2).

<sup>8</sup> 17 CFR 200.30-3(a)(12).

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

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

<sup>11</sup> 15 U.S.C. 78o-3(b)(6).

<sup>12</sup> 15 U.S.C. 78o-3(b)(5).

<sup>13</sup> 15 U.S.C. 78o-3(b)(6).

<sup>14</sup> 17 CFR 200.30-3(a)(12).

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

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

<sup>3</sup> See Securities Exchange Act Release No. 44940 (October 16, 2001), 66 FR 53462.