

Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The CSE proposes to activate the provisions of CSE Rules 11.3(a) and (c) to eliminate Rules 11.3(a) and (c) upon the completion of decimal conversion. The text of the proposed rule change is below. Proposed deletions are in brackets.

#### Rule 11.3 Price Variations

[(a) Bids or offers in stocks traded on the Exchange at or above \$1.00 per share shall not be made at a smaller variation than  $\frac{1}{8}$  of \$1.00 per share; in stocks below \$1.00 but at or above  $\frac{1}{2}$  of \$1.00 per share, at a smaller variation than  $\frac{1}{6}$  of \$1.00; in stocks below  $\frac{1}{2}$  of \$1.00 per share, at a smaller variation than  $\frac{1}{32}$  of \$1.00 per share; and in bonds at a smaller variation than  $\frac{1}{8}$  of 1% of the principal amount, except in the case of a dually or multiply-traded security where the principal exchange shall have a different rule or when the Board of Trustees of the Exchange shall provide otherwise. (Rule 11.3(a) will be eliminated upon completion of decimal conversion.)]

[(b)] Bids or offers in stocks traded on the Exchange shall not be made at a smaller variation than \$.01 per share; and in bonds at a smaller variation than  $\frac{1}{8}$  of 1% of the principal amount.

[(c) Notwithstanding (b) above, bids and offers in stocks not participating in the decimal pilot program and not converted to decimal pricing at or above \$1.00 per share must be made in fractions at a minimum variation of  $\frac{1}{16}$  per share. The minimum variation of .01 described in (b) above is applicable to stocks that have been converted to decimal pricing. (Rule 11.3(c) will be eliminated upon completion of the decimal conversion.)]

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### 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 self-regulatory organization 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 self-regulatory organization 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 CSE proposes to eliminate references to fractional price variations in stocks traded on the Exchange. In implementing the conversion to decimal pricing, the Exchange added provisions to Rules 11.3(a) and (c) that called for the elimination of said rules upon completion of the decimal conversion process.<sup>3</sup> With decimal pricing now fully implemented, the Exchange is now activating the previously approved clauses that eliminate 11.3(a) and (c). With regard to all equity securities, Rule 11.3 will reflect only decimal pricing upon approval of this proposed rule change.

##### 2. Statutory Basis

The CSE believes that the proposed rule change is consistent with Section 6(b) of the Act<sup>4</sup> in general and furthers the objectives of Section 6(b)(5)<sup>5</sup> in particular. The CSE believes the proposed rule change is consistent with Section 6(b)(5)<sup>6</sup> in that it is designed to promote just and equitable principles of trade and 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.

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

The CSE 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 comments were solicited or received in connection with the proposed rule change.

### 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**

<sup>3</sup> See Securities Exchange Act Release No. 43408 (October 3, 2000), 65 FR 60708 (October 12, 2000) (order approving CSE Rules that accommodate the implementation of decimal pricing).

<sup>4</sup> 15 U.S.C. 78f(b).

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

<sup>6</sup> 15 U.S.C. 78f(b)(5).

**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 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 at the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the CSE. All submissions should refer to file No. SR-CSE-2002-02 and should be submitted by April 8, 2002.

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

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

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### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45540; File No. SR-DTC-2001-16]

#### Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change Relating to Technical Language Changes to Certain DTC Rules

March 12, 2002.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934

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

("Act"),<sup>1</sup> notice is hereby given that on August 31, 2001, The Depository Trust Company ("DTC") 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 primarily by DTC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

The proposed rule change consists of technical language changes to DTC Rules 1, 18, 27, and 28. The language changes concern officer titles and the methods of amending DTC's procedures, services guides, and regulations.

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

In its filing with the Commission, DTC 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. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

#### *(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change*

The purpose of the proposed rule change is to modify DTC's Rules to eliminate references to officer titles that are obsolete and to clarify the method by which DTC's procedures, services guides, and regulations can be amended. The proposed rule change will also expand the term "procedures," as defined under Rule 1, to include service guides and regulations.

Rules 18 allows certain DTC officers and directors to waive or suspend rules and procedures and Rule 28 allows certain officers and directors to act under delegated authority from the board of directors on behalf of DTC. The proposed rule change would delete references to "Executive Vice President" and "Senior Vice President" as officers of DTC and add a reference to "Managing Director." At present, Rule 27 allows the board of directors to delegate authority to the chairman of the board to prescribe procedures for DTC. Under the proposed rule change, DTC's

board also may extend this authority to any DTC officer referenced in the board's delegation resolution.

The proposed rule change is consistent with section 17A of the Act and the rules and regulations thereunder applicable to DTC because it would promote the prompt and accurate clearance and settlement of securities transactions because it would clarify and update DTC's Rules.

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

DTC perceives no impact on competition by reason of the proposed rule change.

#### *(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others*

Written comments from DTC participants have not been solicited or received on the proposed rule change.

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

Within thirty-five 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 ninety 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 DTC 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 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, 450 Fifth Street, NW,

Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of DTC. All submissions should refer to File No. SR-DTC-2001-16 and should be submitted by April 8, 2002.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>2</sup>

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

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## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-45541; File No. SR-ISE-2002-06]

### **Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the International Securities Exchange LLC, Relating to Minimum Pricing Increments**

March 12, 2002.

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 February 12, 2002, the International Securities Exchange LLC ("Exchange" or "ISE") 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 Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The ISE is proposing to reaffirm its current minimum pricing increments for quotations as \$.05 for options trading at less than \$3.00 and \$.10 for options trading at \$3.00 or more.

#### **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 ISE 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 ISE has prepared summaries, set forth in sections A, B

<sup>2</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>1</sup> 15 U.S.C. 78s(b)(1).