

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. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-Amex-2002-47 and should be submitted by October 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. 34-46484; File No. SR-Amex-2002-59]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange LLC Relating to Fees for Transactions in Nasdaq Securities Traded on an Unlisted Trading Privileges Basis

September 10, 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 August 27, 2002, the American Stock Exchange LLC ("Amex" 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 Amex.<sup>3</sup> The

Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.<sup>4</sup>

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

The Exchange proposes to adopt transaction fees for trades in Nasdaq securities traded pursuant to Unlisted Trading Privileges ("UTP"). The text of the proposed rule change is below. Proposed new language is in italics.

\* \* \* \* \*

#### Floor Fees through Registration and IDC Fees (No change)

#### Equity Fees

#### Amex Listed Company Equity Fee Schedule (No change)

#### Nasdaq UTP Equity Fee Schedule

<i>Specialist trades:</i>	<i>\$.10 per 100 shares</i>
<i>Member Competing Market Maker trades:</i>	<i>\$.15 per 100 shares</i>
<i>Amex Option Market Maker trades:</i>	<i>\$.15 per 100 shares</i>
<i>Trades by Amex Equity Traders:</i>	<i>\$.15 per 100 shares</i>
<i>Member Customer trades:</i>	<i>\$.15 per 100 shares</i>

#### Notes:

1. *The Exchange will waive the transaction charge for specialist principal trades for six months after the start of Nasdaq UTP trading for specialist firms that do not charge any commission to "customers" in Nasdaq UTP securities.*

2. *A "competing market maker" is defined as a specialist or market maker registered as such on a registered stock exchange (other than the Amex) or on Nasdaq, or a market maker bidding and offering over-the-counter, in an Amex traded security.*

3. *The term "customer" includes any market participant other than a "competing market maker."*

4. *The transaction charge for crosses is subject to a maximum charge of \$50 per side per trade.*

#### Amex Exchange Traded Funds Fee Schedule (No change)

#### Bond Charges through Other Fees (No change)

\* \* \* \* \*

(b) Not applicable.

(c) Not applicable.

makers from \$0.40 per 100 shares to \$ 0.15 per 100 shares. Because this is a substantive amendment, the Commission deems the proposal to have been filed on the date it received Amendment No. 2.

<sup>4</sup> See Securities Exchange Act Release No. 46483 (September 10, 2002), which proposes to implement these fees for non-members.

#### 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 Amex 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 IV below. The Amex 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 Exchange proposes to implement a program to trade Nasdaq securities on a UTP basis.<sup>5</sup> The Exchange, accordingly, is implementing a separate fee schedule for transactions in Nasdaq securities admitted to trading on the Exchange pursuant to UTP to make the Amex competitive with other market centers trading Nasdaq securities. The Exchange asserts that the proposed fees are similar to those charged by other market centers for transactions in Nasdaq securities traded pursuant to UTP.

##### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>6</sup> in general, and the provisions of Section 6(b)(4) of the Act,<sup>7</sup> in particular, which requires that the rules of an exchange provide for the equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using its facilities.

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

The Amex 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.

<sup>5</sup> See Securities Exchange Act Release No. 45365 (January 30, 2002), 67 FR 5626 (February 6, 2002) (SR-Amex-2001-106) (Notice of Amex's proposed trading rules for Nasdaq securities traded pursuant to UTP).

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

<sup>7</sup> 15 U.S.C. 78f(b)(4).

<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> The proposal was originally filed on June 28, 2002. On August 19, 2002, Amex filed Amendment No. 1 to clarify that the proposed transaction fees only apply to member transactions. On August 27, 2002, Amex filed Amendment No. 2 to reduce transaction fees for member competing market

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

Written comments were neither solicited nor received.

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

The foregoing proposed rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>8</sup> and subparagraph (f)(2) of Rule 19b-4<sup>9</sup> thereunder, because it establishes or changes a due, fee, or other charge. At any time within 60 days of the filing date, 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 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 Exchange. All submissions should refer to File No. SR-Amex-2002-59 and should be submitted by October 8, 2002.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-46486; File No. SR-Amex-2002-71]

**Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange LLC To Extend a Suspension of Transaction Charges for Certain Exchange Traded Funds**

September 10, 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 August 29, 2002, the American Stock Exchange LLC ("Amex" or "Exchange") 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 Exchange filed the proposal pursuant to Section 19(b)(3)(A) of the Act,<sup>3</sup> and Rule 19b-4(f)(6) thereunder,<sup>4</sup> which renders the proposal effective upon filing with the Commission.<sup>5</sup> 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 Amex proposes to extend until September 30, 2002, the suspension of Amex transaction charges for the Lehman 1-3 year Treasury Bond Fund; iShares Lehman 7-10 year Treasury Bond Fund; Lehman 20+ year Treasury Bond Fund; and iShares GS \$ InvesTop Corporate Bond Fund for specialist, Registered Trader and broker-dealer orders. The text of the proposed rule change is available at the Amex and at the Commission.

**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 Exchange included statements concerning the purpose of and basis for its proposal and discussed any comments it received regarding the proposal. The text of these statements may be examined at the places specified

in Item IV below. The Amex 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 Amex has suspended transaction charges for transactions in the iShares Lehman 1-3 year Treasury Bond Fund (Symbol: SHY); iShares Lehman 7-10 year Treasury Bond Fund (Symbol: IEF); iShares Lehman 20+ year Treasury Bond Fund (Symbol: TLT); and iShares GS \$ InvesTop Corporate Bond Fund (Symbol: LQD) ("Funds") (collectively, "Securities") for (1) customer orders and (2) until August 31, 2002, specialist, Registered Trader and broker-dealer orders.<sup>6</sup> With this proposed rule change, the Amex is extending until September 30, 2002, the suspension of transaction charges for specialist, Registered Trader, and broker-dealer orders. No other changes are proposed with this filing, and this filing has no bearing on the suspension of transaction charges as they pertain to customer orders.<sup>7</sup>

The Exchange believes a suspension of fees for the Securities is appropriate to enhance the competitiveness of executions in the Securities on the Amex. The Exchange will reassess the fee suspension as appropriate, and will file any modification to the fee suspension with the Commission pursuant to Section 19(b)(3)(A) of the 1934 Act.

**2. Statutory Basis**

The Exchange believes that the proposal is consistent with Section 6(b) of the Act<sup>8</sup> in general, and furthers the objectives of Section 6(b)(4)<sup>9</sup> in

<sup>6</sup> See Securities Exchange Act Release No. 46384 (August 20, 2002), 67 FR 55048 (August 27, 2002) (SR-Amex-2002-64).

<sup>7</sup> In its proposed rule change, the Amex states that certain charges that were suspended by SR-Amex-2002-64 are currently in place, the Amex confirmed that the suspension of charges that was established in SR-Amex-2002-64 remains in effect, and that the only purpose of the instant filing is to extend the suspension of transaction charges for specialist, Registered Trader, and broker-dealer orders in the Securities until September 30, 2002. See footnote 6, *supra*. The Amex clarified that this statement inaccurately implies that certain charges exist, when in actuality, these charges were suspended in SR-Amex-2002-64, and that this proposed rule change simply extends until September 30, 2002 the suspension of transaction charges for specialist, Registered Trader, and broker-dealer orders in the Securities. Telephone conversation between Michael Cavalier, Associate General Counsel, Amex, and Joseph P. Morra, Special Counsel, Commission, September 10, 2002.

<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(4).

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

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

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(6).

<sup>5</sup> The Exchange asked the Commission to waive the 5-day pre-filing notice requirement and the 30-day operative delay. See Rule 19b-4(f)(6)(iii). 17 CFR 240.19b-4(f)(6)(iii).

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>9</sup> 17 CFR 240.19b-4(f)(2).

<sup>10</sup> 17 CFR 200.30-3(a)(12).