

rules of the CHX and what terms, if any, should be imposed by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matter.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁴

Jonathan G. Katz,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Issuer Delisting; Notice of Application To Withdraw From Listing and Registration; (Electrochemical Industries, Ltd., Common Stock, Par Value NIS 1 Per Share) From the American Stock Exchange LLC File No. 1-10422

March 27, 2002.

Electrochemical Industries, Ltd., a corporation organized under the laws of Israel ("Issuer"), has filed an application with the Securities and Exchange Commission ("Commission"), pursuant to section 12(d) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 12d2-2(d) thereunder,² to withdraw its Common Stock, par value NIS 1 per share ("Security"), from listing and registration on the American Stock Exchange LLC ("Amex" or "Exchange").

The Issuer stated in its application that it has met the requirements of Amex Rule 18 by complying with all applicable laws in effect in Israel, in which it is incorporated, and with the Amex's rules governing an issuer's voluntary withdrawal of a security from listing and registration. The Amex has, in turn, informed the Issuer that it does not object to the proposed withdrawal of the Issuer's Security from listing and registration on the Exchange. The Issuer states that it will continue listing its Security on the Tel Aviv Stock Exchange. The Issuer's application relates solely to the withdrawal of the Security from listing and registration under section 12(b) of the Act³ and shall not effect its obligation to be registered under section 12(g) of the Act.⁴

The Board of Trustees ("Board") of the Issuer unanimously approved a resolution on March 10, 2002 to withdraw the Issuer's Security from listing on the Amex. In making the decision to withdraw its Security from the Amex, the Board cites low trading volume and market capitalization of its Security. In addition, the Company has recently sustained losses and is uncertain when it will return to profitability. The Company's Security has fallen below certain Amex guidelines with respect to continued listing due to the present market conditions of the Company's production.

Any interested person may, on or before April 19, 2002, submit by letter to the Secretary of the Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609, facts bearing upon whether the application has been made in accordance with the rules of the Amex and what terms, if any, should be imposed by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matter.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

Jonathan G. Katz,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45654; File No. S7-17-00]

Order Granting Temporary Exemption for Broken-Dealers from the Trade-Through Disclosure Rule

March 27, 2002.

In July 2000, the Commission approved an intermarket linkage plan, in which all five options exchanges¹ are currently participants ("Linkage Plan").² Also in July 2000, the

¹ 17 CFR 200.30-3(a)(1).

² The exchanges currently trading options are the American Stock Exchange ("Amex"), the Chicago Board Options Exchange ("CBOE"), the International Securities Exchange ("ISE"), the Pacific Exchange ("PCX"), and the Philadelphia Stock Exchange ("Phlx") (collectively, "Options Exchanges").

³ See Securities Exchange Act Release No. 43086 (July 28, 2000), 65 FR 48023 (August 4, 2000). The Linkage Plan approved by the Commission in July 2000 is the plan filed by the Amex, CBOE, and ISE. Subsequently, the PCX and Phlx joined the Linkage Plan. See Securities Exchange Act Release Nos.

Commission proposed, and in November 2000 adopted, Rule 11Ac1-7 ("Trade-Through Disclosure Rule") under the Securities Exchange Act of 1934 ("Exchange Act").³

The Trade-Through Disclosure Rule requires a broker-dealer to disclose to a customer when the customer's order for a listed option is executed at a price inferior to the best-published quote ("intermarket trade-through"), and to disclose the better published quote available at that time. However, a broker-dealer is not required to disclose to its customer an intermarket trade-through if the broker-dealer effects the transaction on an exchange that participates in an approved linkage plan that includes provisions reasonably designed to limit customers' orders from being executed at prices that trade through a better published price. In addition, broker-dealers are not required to provide the disclosure required by the rule if the customer's order is executed as part of a block trade. Once implemented, the Linkage Plan would reasonably limit intermarket trade-throughs on each of the options markets,⁴ provided that the Options Exchanges remain participants in the Linkage Plan.⁵ Under these circumstances, broker-dealers would be excepted from the disclosure requirements of the Trade-Through Disclosure Rule.

To date, the options exchanges have taken steps to implement the Linkage Plan. Specifically, the options exchanges have selected The Options Clearing Corporation ("OCC") to be the linkage provider and have worked closely with OCC to develop the technical requirements related to the linkage's central core or "hub" to and from which all linkage orders would be routed. The Commission understands that the options exchanges are completing the process of evaluating their internal systems to determine the

43310 (September 20, 2000), 65 FR 58583 (September 29, 2000) (approving an amendment to the Linkage Plan adding the PCX as a participant); and 43311 (September 20, 2000), 65 FR 58584 (September 29, 2000) (approving an amendment to the Linkage Plan adding the Phlx as a participant).

³ 17 CFR 240.11Ac1-7. See also Securities Exchange Act Release Nos. 43591 (November 17, 2000), 65 FR 75439 (December 1, 2000); and 43085 (July 28, 2000), 65 FR 47918 (August 4, 2000).

⁴ The Commission approved an amendment to the previously-approved Linkage Plan that would permit broker-dealers executing orders on participating exchanges to satisfy the exception to the disclosure requirements of the Trade-Through Disclosure Rule. Securities Exchange Act Release No. 44482 (June 27, 2001), 66 FR 35470 (July 5, 2001).

⁵ The Linkage Plan permits an exchange to withdraw from participation in the Linkage Plan with 30 days written notice.

⁴ 17 CFR 200.30-3(a)(1).

¹ 15 U.S.C. 78(d).

² 17 CFR 240.12d2-2(d).

³ 15 U.S.C. 78(b).

⁴ 15 U.S.C. 78(g).

extent of modification necessary to integrate their systems into the central hub and beginning to modify those systems.

The Commission has twice extended the compliance date of the Trade-Through Disclosure Rule for broker-dealers, most recently until April 1, 2002, because of its reluctance to impose on broker-dealers the costs of complying with the disclosure requirements of the rule while the Options Exchanges are working to implement the Linkage Plan, which would render such disclosures unnecessary.⁶ Recently the Options Exchanges, in a letter dated March 15, 2002 to Chairman Pitt, committed to implement the linkage in two phases by specified dates.⁷ The first phase would comprise those elements of the linkage that are necessary to send and receive orders required under the Linkage Plan to be automatically executed by the exchange receiving the order. The Options Exchanges committed to begin full intermarket testing of the first phase by December 1, 2002, and to implement this phase no later than February 1, 2003. The second phase would comprise the remaining elements of the linkage. The exchanges commit to begin testing of this second phase by March 1, 2003, and to implement this phase no later than April 30, 2003. The Options Exchanges also committed to file with the Commission an amendment to the Linkage Plan that would incorporate this testing and implementation timetable.⁸

In addition, the Options Exchanges agreed to file an amendment to the Linkage Plan that would permit an exchange to withdraw from participation in the Linkage Plan only if it can satisfy the Commission that it can accomplish, by alternative means, the same goals as the Linkage Plan of limiting intermarket trade-throughs of prices on other markets.⁹ The Options Exchanges are currently working on amendments to the Linkage Plan that would be approved by each of their boards and filed with the Commission by April 15, 2002. If the Commission approves the amendments to the Linkage Plan,¹⁰ the principal purpose of

the Trade-Through Disclosure Rule “to require customers” orders to be executed on exchanges that participate in a linkage that limits intermarket trade-throughs or, in the alternative, to provide customers with additional information about the execution of their orders “would be accomplished.

Accordingly, the Commission believes that it is appropriate in the public interest and consistent with the protection of investors at this time to temporarily exempt broker-dealers from the requirements of the Trade-Through Disclosure Rule. Moreover, in light of the expressed intent of the Options Exchanges to file amendments to the Linkage Plan so that no exchange may withdraw from its obligations to limit trade-throughs of prices on other markets without an alternative means to achieve this same goal, the Commission has directed the staff to develop a proposal so that the Commission may consider repeal of the Trade-Through Disclosure Rule. At the time the Commission considers the proposal to repeal the Trade-Through Disclosure Rule it has directed staff to develop, it will consider a further extension of this temporary exemption.

Accordingly,

It is ordered, pursuant to section 36 of the Exchange Act,¹¹ that broker-dealers are exempt from compliance with the Trade-Through Disclosure Rule until July 1, 2002.

By the Commission.

Margaret H. McFarland,
Deputy Secretary.

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submit written comments. See Exchange Act Rule 11Aa3-2(c)(1), 17 CFR 11Aa3-2(c)(1). A proposed amendment may be put into effect summarily upon publication of notice, on a temporary basis not to exceed 120 days, if the Commission finds that such action is necessary or appropriate in the public interest, for the protection of investors or the maintenance of fair and orderly markets, to remove impediments to, and perfect mechanisms of, a national market system or otherwise in furtherance of the purposes of the Exchange Act. See Exchange Act Rule 11Aa3-2(c)(4), 17 CFR 11Aa3-2(c)(4). Within 120 days of publication of notice of filing of an amendment to the Linkage Plan, the Commission must approve the amendment, with such changes or subject to such conditions as the Commission may deem necessary or appropriate, if it finds that such amendment is necessary or appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanisms of, a national market system, or otherwise in furtherance of the purposes of the Exchange Act. See Exchange Act Rule 11Aa3-2(c)(2), 17 CFR 11Aa3-2(c)(2).

¹¹ 15 U.S.C. 78mm.

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45650; File No. SR-Amex-2001-72]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval to Proposed Rule Change and Amendment Nos. 1 and 2 by the American Stock Exchange LLC Relating to an Expansion of the Hedge Exemption From Position and Exercise Limits

March 26, 2002.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934,¹ notice is hereby given that on September 6, 2001, 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 Exchange. On December 26, 2001, the Exchange filed Amendment No. 1² with the Commission, and on February 4, 2002, the Exchange filed Amendment No. 2³ with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change and Amendment Nos. 1 and 2 from interested persons. The Commission is also granting accelerated approval to the proposed rule change, including Amendment Nos. 1 and 2.

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

The Exchange is proposing to amend Commentary .09 to Amex Rule 904 to eliminate position and exercise limits for certain qualified hedge strategies relating to stock and Exchange-Traded Fund (“ETF”) Share options and to establish a position and exercise limit of five times the standard limit for those strategies that include an OTC option

¹ 15 U.S.C 78s(b)(1).

² See Letter to Sharon Lawson, Senior Special Counsel, Division of Market Regulation (“Division”), Commission, from Jeffrey P. Burns, Senior Counsel, Amex, dated December 21, 2001 (“Amendment No. 1”). In Amendment No. 1, Amex amended the proposed rule change to state that for back-to-back options or where one of the option components of a qualified hedge consists of an over-the-counter (“OTC”) option, the hedge exemption is limited to five times the established position limit.

³ See Letter to Sharon Lawson, Senior Special Counsel, Division, Commission, from Jeffrey P. Burns, Senior Counsel, Amex, dated February 1, 2002 (“Amendment No. 2”). Amendment No. 2 is a technical amendment whereby the Exchange moved language regarding the establishment of position and exercise limit of five times the standard limit for those strategies that include an OTC option contract to the beginning to Commentary .09 to Amex Rule 904.

⁶ See Securities Exchange Act Release Nos. 44078 (March 15, 2001), 66 FR 15792 (March 21, 2001); and 44852 (September 26, 2001), 66 FR 50103 (October 2, 2001).

⁷ See Letter from the Options Exchanges to Harvey L. Pitt, Chairman, Securities and Exchange Commission, dated March 15, 2002.

⁸ See Exchange Act Rule 11Aa3-2(d), 17 CFR 11Aa3-2(d).

⁹ *Id.*

¹⁰ The Commission must publish any amendment to the Linkage Plan filed by the Options Exchanges and provide interested persons an opportunity to