

quotations for other market makers. Because ISE market makers now would be able to enter orders accessing another market maker's full size, ISE proposes to extend this 15-second limitation to ISE market maker orders.

- Finally, the ISE proposes two technical "clean up" changes to its rules. First, the Exchange proposes to delete language from Rule 804 regarding the "enhanced size pilot" that would expire on October 31, 2002. Second, the Exchange proposes to delete language from Rule 805 regarding limited exemptive authority that expired a year after the Exchange commenced trading.

2. Statutory Basis

The basis for this proposed rule change is the requirement under section 6(b)(5) of the Act⁵ to remove impediments to and perfect the mechanism for 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 ISE believes that the proposed rule change does not impose 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

No written comments were solicited or received with respect to 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 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 self-regulatory organization 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. Copies of such filing also will be available for inspection and copying at the principal office of the ISE. All submissions should refer to File No. SR-ISE-2002-24 and should be submitted by November 22, 2002.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46732; File No. SR-NASD-2002-137]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto by the National Association of Securities Dealers, Inc. Relating to Technical Corrections to the Trade or Move Process in the Nasdaq Order Collection and Display Facility ("SuperMontage")

October 28, 2002.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4² thereunder, notice is hereby given that on October 4, 2002, the National Association of Securities Dealers, Inc. ("NASD"), through its subsidiary, the Nasdaq Stock Market, Inc. ("Nasdaq"), submitted to 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 Nasdaq. On October 21, 2002, Nasdaq filed an

amendment to the proposed rule change.³ The proposed rule change, as amended, has been filed by Nasdaq as a "non-controversial" rule change under Rule 19b-4(f)(6)⁴ under the Act. 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

Nasdaq is filing with the Commission technical rule changes to NASD Rule 4613(e)(1) to harmonize the language with recent approved rule proposals.

The text of the proposed rule change is available at the Office of the Secretary, the Nasdaq 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, Nasdaq included statements concerning the purpose of and basis for the proposed rule change, as amended, 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. Nasdaq 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

Nasdaq has filed numerous rule proposals relating to NASD Rule 4613(e), and also has filed numerous rule proposals relating to SuperMontage. In the process of compiling the changes to Rule 4613(e), Nasdaq has discovered several

³ See letter from Jeffrey S. Davis, Associate General Counsel, Nasdaq to Terri Evans, Assistant Director, Division of Market Regulation, Commission dated October 18, 2002 ("Amendment No. 1"). In Amendment No. 1, Nasdaq redesignated certain provisions in NASD Rule 4613(e)(1) to correct erroneous references to NASD Rule 4613(e)(2). In addition, the rule text was amended to replace all uses of the word "message" with the word "order" to eliminate inadvertent inconsistencies within Rule 4613(e)(1).

⁴ 17 CFR 240.19b-4(f)(6). For purposes of determining the effective date and calculating the 60-day period within which the Commission may summarily abrogate the proposed rule change under Section 19(b)(3)(C) of the Act, the Commission considers that period to commence on October 21, 2002, the date Nasdaq filed Amendment No. 1. See 15 U.S.C. 78s(b)(3)(C).

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

⁵ 15 U.S.C. 78f(b)(5).

grammatical and technical errors in Rule 4613(e) that must be fixed.

First, Nasdaq is changing the acronym "MMID" to "MPID" to be consistent with its use of those terms throughout the rules governing usage of the SuperMontage system. Second, Nasdaq is replacing references to "messages" to "orders" or "Directed Orders," as appropriate. This change makes consistent the use of such terms across NASD Rule 4613(e)(1). In addition, Nasdaq is adding the word "for" when describing the minimum number of shares for which a Trade or Move Directed Order is required to be sent. Finally, Nasdaq is changing Rule 4613(e)(1)(c)(ii)(a) to reflect that an ECN that wishes to lock or cross the market between 9:20:00 and 9:29:29 must send a Trade or Move Directed Order. The current rule language erroneously indicates that ECNs are obligated to send such Directed Orders up until 9:29:59. This technical change conforms the rule to the clear intent of SR-NASD-2002-56, which was approved on August 23, 2002.⁵

2. Statutory Basis

Nasdaq believes that the proposed rule change, as amended, is consistent with section 15A of the Act in general,⁶ and section 15A(b)(6) of the Act in particular,⁷ in that the proposal is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. Nasdaq believes that the proposed rule change, as amended, should enhance the interaction of the Trade or Move Rule with the SuperMontage opening, and that such enhancements would ensure a smooth opening of daily trading for the ultimate benefit of investors.

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

Nasdaq does not believe that the proposed rule change, as amended, will impose 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

No written comments were either solicited or received.

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

The foregoing proposed rule change, as amended, (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) by its terms, does not become operative until 30 days from the date on which it was filed, or such shorter time as the Commission may designate. The proposed rule change, as amended, has therefore become effective pursuant to section 19(b)(3)(A) of the Act⁸ and Rule 19b-4(f)(6)⁹ thereunder.

Nasdaq has requested that the Commission waive the usual five-day notice and 30-day pre-operative waiting periods. The Commission believes that it is consistent with the protection of investors and the public interest to accelerate the operative date and to waive the five-day notice period since the proposed rule change, as amended, makes only technical corrections to the rule text. For these reasons, the Commission designates the proposal, as amended, to be effective and operative upon filing with the Commission.¹⁰

At any time within 60 days of the filing of the proposed rule change, as amended, 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.¹¹

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

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(6).

¹⁰ For purposes of determining the effective date and calculating the 60-day period within which the Commission may summarily abrogate the proposed rule change under Section 19(b)(3)(C) of the Act, the Commission considers that period to commence on October 21, 2002, the date Nasdaq filed Amendment No. 1. See 15 U.S.C. 78s(b)(3)(C). For purposes only of accelerating the operative date of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹¹ 17 CFR 240.19b-4(f)(6).

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 NASD. All submissions should refer to File No. SR-NASD-2002-137 and should be submitted by November 22, 2002.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹²

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46720; File No. SR-NSCC-2002-03]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Revising the Fee Schedule

October 25, 2002.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on May 30, 2002, the National Securities Clearing Corporation ("NSCC") 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 NSCC. 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 proposed rule change will establish a base participation fee for NSCC participants using NSCC's Mutual Fund Services Profile service.

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

In its filing with the Commission, NSCC included statements concerning the purpose of and basis for the

¹² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

⁵ See Securities Exchange Act Release No. 46410 (August 23, 2002), 67 FR 55897 (August 30, 2002).

⁶ 15 U.S.C. 78o-3.

⁷ 15 U.S.C. 78o-3(b)(6).