

iShares will be listed on a national securities exchange.

4. Neither the Company nor any Index Fund will be advertised or marketed as an open-end fund or a mutual fund. Each Index Fund's Relevant Prospectus will prominently disclose that iShares are not individually redeemable shares and will disclose that the owners of iShares may acquire those iShares from the Index Fund and tender those iShares for redemption to the Index Fund in Creation Unit Aggregations only. Any advertising material that describes the purchase or sale of Creation Unit Aggregations or refers to redeemability will prominently disclose that iShares are not individually redeemable and that owners of iShares may acquire those iShares from the Index Fund and tender those iShares for redemption to the Index Fund in Creation Unit Aggregations only.

5. The website for the Company, which will be publicly accessible at no charge, will contain the following information, or a per iShare basis, for each Index Fund: (a) the prior business day's NAV and the reported closing price, and a calculation of the premium or discount of such price against such NAV; and (b) data in chart format displaying the frequency distribution of discounts and premiums of the daily closing price against the NAV, within appropriate ranges, for each of the four previous calendar quarters.

6. The Relevant Prospectus and annual report for each Index Fund will also include: (a) the information listed in condition 5(b), (i) in the case of the Relevant Prospectus, for the most recently completed year (and the most recently completed quarter or quarters, as applicable) and (ii) in the case of the annual report, for the immediately proceeding five years, as applicable; and (b) the following data, calculated on a per iShare basis for one, five and ten year periods (or life of the Index Fund), (i) the cumulative total return and the average annual total return based on NAV and market price, and (ii) the cumulative total return of the relevant Underlying Index.

For the Commission, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 01-24472 Filed 9-28-01; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: To be published Friday, September 28, 2001.

STATUS: Closed meetings.

PLACE: 450 Fifth Street, NW., Washington, DC

TIME AND DATE OF PREVIOUSLY ANNOUNCED MEETING: Tuesday, October 2, 2001 at 10:30 a.m. and Thursday, October 4, 2001 at 10:00 a.m.

CHANGE IN THE MEETING: Additional Items.

The following items have been added to the closed meeting scheduled for Tuesday, October 2, 2001 and Thursday, October 4, 2001: formal orders.

Commissioner Unger, as duty officer, determined that Commission business required the above change and that no earlier notice thereof was possible.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary at (202) 942-7070.

Dated: September 26, 2001.

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 01-24563 Filed 9-27-01; 11:08 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44837; File No. SR-CBOE-2001-54]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating to a Six Month Extension of the Pilot Program To Eliminate Position and Exercise Limits for OEX, DJX, and SPX Index Options and FLEX Options Overlying These Indexes

September 24, 2001.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on September 24, 2001, the Chicago Board Options Exchange, Incorporated ("CBOE" 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 CBOE. The proposed rule changes has been filed by the CBOE as a "non-controversial" rule change under Rule 19-4(f)(6).³ 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 CBOE seeks a six month extension of the pilot program that provides for the elimination of position and exercise limits for S&P 500 Index ("SPX"), S&P 100 Index ("OEX"), Dow Jones Industrial Average ("DJX") index options as well as for FLEX options overlying these indexes. The text of the proposed rule change is available at the CBOE 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 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 Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

On January 22, 1999, the Commission approved a two-year pilot program ("Pilot Program") that allowed for the elimination of position and exercise limits for options on the SPX, OEX, and DJX as well as for FLEX options overlying these indexes.⁴ On January 30, 2001 and again on May 22, 2001, the Commission extended the Pilot Program and additional four months.⁵ The purpose of this proposed rule change is

³ 17 CFR 240.19b-4(f)(6).

⁴ See Securities Exchange Act Release No. 40969 (January 22, 1999), 64 FR 49111 (February 1, 1999) (approving SR-CBOE-99-23) ("Approval Order").

⁵ See Securities Exchange Act Release No. 43867 (January 22, 2001), 66 FR 8250 (January 30, 2001) (notice of filing and immediate effectiveness of SR-CBOE-2001-01) and Securities Exchange Act Release No. 44335 (May 22, 2001) 66 FR 29369 (May 30, 2001) (notice of filing and immediate effectiveness of SR-CBOE-2001-26).

¹ 15 U.S.C. 78(b)(1).

² 17 CFR 240.19b-4.

to request a six-month extension of the Pilot Program until March 22, 2002 to allow the Commission additional time to consider the Exchange's separate application for permanent approval of the Pilot Program.⁶

The Approval Order required the Exchange to submit a report to the Commission on the status of the Pilot Program so that the Commission could use this information to evaluate any consequences of the program and to determine whether to approve the elimination of position and exercise limits for these products on a permanent basis.⁷ The CBOE submitted the required report to the Commission on December 21, 2000.⁸ The report indicated that during the review period, CBOE did not discover any instances where an account maintained an unusually large unhedged position. Data gathered for the report indicated that only 12 accounts established positions in excess of 10% of the standard limit applicable to each index at the time the Pilot Program was approved. These positions were all in SPX and most were established by firms and market makers. All of the accounts were hedged, although to different degrees. CBOE's analysis did not discover any aberrations caused by large unhedged positions during the life of the Pilot Program. For this reason, the Exchange believes that its experience with the Pilot Program has been positive. Accordingly, CBOE has requested that the effectiveness of the Pilot Program be extended six months. As part of the extension request, CBOE has represented that it will update the Commission on any problems that develop with the Pilot Program during the extension, if any, including any compliance issues, and whether there are any large unhedged positions that raise regulatory concerns.

⁶ By separate filing (SR-CBOE-2001-22), CBOE requests permanent approval of the Pilot Program.

⁷ In the Approval Order, the Commission stated: "CBOE will provide the Commission with a report detailing the size and different types of strategies employed with respect to positions established in those classes not subject to position limits. In addition, the report will note whether any problems resulted due to the no limit approach and any other information that may be useful in evaluating the effectiveness of the pilot program. The Commission expects that CBOE will take prompt action, including timely communication with the Commission and other marketplace self-regulatory organizations responsible for oversight of trading in component stocks, should any unanticipated adverse market effects develop."

⁸ Letter from Patricia L. Cerny, Director, Office of Trading Practices, CBOE, to Elizabeth King, Division of Market Regulation, Commission, dated December 21, 2000.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act⁹ in general and in particular with Section 6(b)(5)¹⁰ in that it is designed to promote just and equitable principles of trade as well as to protect investors and the public interest, by allowing for the extension of a Pilot Program that has enabled more business to be transacted on the exchanges that might otherwise have been transacted in the OTC market without the benefit of Exchange transparency and the guarantee of The Options Clearing Corporation. The Exchange also believes that the proposed rule change is consistent with Section 11A of the Act¹¹ in that it will enhance competition by allowing the Exchange to compete better with the OTC market in options and with entities not subject to position limit rules.

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

CBOE does not believe that the proposed rule change will impose any burden on competition 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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹² and Rule 19b-4(f)(6) thereunder¹³ because the proposed rule change: (1) does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) does not become operative for 30 days from the date of the filing, or such shorter time that the Commission may designate if consistent with the protection of investors and the public interest.¹⁴

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ 15 U.S.C. 78k-1.

¹² 15 U.S.C. 78f(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(6). 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).

¹⁴ The Commission has determined to waive the requirement the CBOE provide the Commission with written notice of its intent to file the proposed

At any time within 60 days of the filing of such proposed rule change, 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.

The Exchange has requested that the rule change be accelerated to become operative on September 24, 2001, because such action will allow the Exchange to continue the Pilot Program without interruption while the Commission determines whether to approve the Pilot Program on a permanent basis. The Commission finds that accelerating the operative date of the rule change to prevent interruption of the Pilot Program while the Commission considers the permanent approval request is consistent with the protection of investors and the public interest, and thus designates September 24, 2001 as the operative date of the filing.¹⁵

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 Section. Copies of such filing will also be available for inspection and copying at the principal office of CBOE. All submissions should refer to SR-CBOE-2001-54 and should be submitted by October 22, 2001.

rule change at least five business days prior to the filing date.

¹⁵ The Commission reiterates the expectation that the CBOE will take prompt action, including timely communication with the Commission and other marketplace self-regulatory organizations responsible for oversight of trading in component stocks, should any unanticipated adverse market effects develop. See note 7, *supra*.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁶

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 01-24473 Filed 9-28-01; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44840; File No. SR-ISE-00-11]

Self-Regulatory Organizations; Order Approving Proposed Rule Change and Amendment No. 1 by the International Securities Exchange LLC Relating to Membership Qualifications

September 24, 2001.

On November 28, 2000, the International Securities Exchange LLC ("ISE" or "Exchange"), filed with the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² a proposed rule change to revise ISE Rule 302, "Qualification of Members." On July 2, 2001, the ISE filed Amendment No. 1 to the proposal.³ The proposal, as amended, would eliminate the requirement in current ISE Rule 302(b) that an ISE member be organized under the laws of one of the states of the United States or under other laws that the ISE's Board of Directors approves. In addition, the proposal would revise ISE Rule 302(b) to provide that an ISE member that does not maintain an office in the United States responsible for preparing and maintaining financial and other reports required to be filed with the Commission and the ISE must: (1) Prepare all such reports, and maintain a general ledger chart of account and any description thereof, in English and U.S. dollars; (2) reimburse the ISE for any expense incurred in connection with examinations of the member to the

extent that such expenses exceed the cost of examining a member located within the continental United States; and (3) ensure the availability of an individual fluent in English and knowledgeable in securities and financial matters to assist representatives of the ISE during examinations.

The proposed rule change and Amendment No. 1 were published for comment in the **Federal Register** on July 24, 2001.⁴ No comments were received regarding the proposal, as amended. This order approved the proposed rule change, as amended.

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 exchange and, in particular, the requirements of Section 6 of the Act⁵ and the rules and regulations thereunder.⁶ Specifically, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act⁷ because it is designed to facilitate the examination of foreign-based ISE members, thereby helping to ensure that foreign-based members comply with the ISE's rules and the federal securities laws.

For the foregoing reasons, the Commission finds that the proposal, as amended, is consistent with the requirements of the Act and rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁸ that the proposed rule change (SR-ISE-00-11), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 01-24475 Filed 9-28-01; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44826; File No. SR-Phlx-2001-75]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change and Amendment No. 1 Thereto by the Philadelphia Stock Exchange, Inc. Relating to the Listing and Trading of Trust Issued Receipts

September 20, 2001.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 17, 2001, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change, and amended such proposed rule change on September 10, 2001,³ as described in Items I and II below, which Items have been prepared by the Phlx. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons and to approve the proposal and Amendment No. 1 on an accelerated basis.

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

The Phlx, pursuant to Rule 19b-4 under the Act,⁴ proposes to amend Phlx Rule 803(j) to adopt generic listing standards to allow for the listing and trading of trust issued receipts ("TIRs") pursuant to Rule 19b-4(e) under the Act⁵ and to provide eligibility requirements for a component security that became part of a trust when the security was either: (a) Distributed by a company already included as a component security in the series of TIRs; or (b) received in exchange for the securities of a company previously included as a component security and

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ In Amendment No. 1, the Phlx additionally proposes to amend Phlx Rule 803(j) to provide eligibility requirements for a component security that became part of a trust when the security was either: (a) Distributed by a company already included as a component security in the series of TIRs; or (b) received in exchange for the securities of a company previously included as a component security and that are no longer outstanding due to a merger, consolidation, corporate combination or other event. See letter from John Dayton, Assistant Secretary and Counsel, Phlx, to Nancy Sanow, Assistant Director, Division of Market Regulation ("Division"), SEC, dated September 7, 2001 ("Amendment No. 1").

⁴ 17 CFR 240.19b-4.

⁵ 17 CFR 240.19b-4(e).

¹⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Amendment No. 1 eliminated a provision that would have amended ISE Rule 302 to state that an ISE member must be a member of at least one other national securities exchange registered under Section 6 of the Act, 15 U.S.C. 78f, or a national securities association registered under Section 15A of the Act, 15 U.S.C. 78o-3, that is designated responsibility for examining the ISE member for compliance with applicable financial responsibility rules pursuant to Rule 17d-1 under the Act, 17 CFR 240.17d-1. Amendment No. 1 notes that all ISE members currently are required to be members of another self-regulatory organization and that it would be necessary for the ISE to submit a rule change to the Commission before permitting any ISE member to be a member solely of the ISE.

⁴ See Securities Exchange Act Release No. 44567 (July 18, 2001), 66 FR 38445.

⁵ 15 U.S.C. 78f.

⁶ In approving this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁷ 15 U.S.C. 78f(b)(5).

⁸ 15 U.S.C. 78s(b)(2).

⁹ 17 CFR 200.30-3(a)(12).