

that it contains a current list of the U.S. exchanges that trade options issued by the OCC.

The ODD currently contains general disclosures on the characteristics and risks of trading standardized options. The Commission has approved options exchange proposals to list and trade options on particular fund shares based on fixed-income securities.³ To accommodate options on these particular types of funds, the Commission also approved an OCC proposal to replace the terms "stock fund options" and "stock fund shares" with the terms "fund options" and "fund shares" respectively, and also eliminated all references to "stock" or "equity" within the definitions to these terms.⁴ To provide a description of options on these particular types of fund shares based on fixed-income securities, the proposed Supplement amends the ODD to state that the term "fund shares" may include non-equity securities.

The Commission has also approved an OCC rule proposal that gives the OCC the ability to fix settlement prices for OCC-cleared index options where appropriate in the case of market disruptions.⁵ The proposed Supplement amends the ODD to incorporate a description of this change.

In addition, the Commission recently exempted standardized options issued by a registered clearing agency and traded on a registered national securities exchange or association from the provisions of the Securities Act of 1933,⁶ except for the antifraud provisions of Section 17A of the Securities Act of 1933.⁷ As a result, standardized options covered by the ODD are no longer required to be registered under the Securities Act of 1933, an OCC registration statement will no longer be available for inspection at the OCC's office, and copies of an OCC prospectus for standardized options will no longer be available from the OCC or the U.S. options markets. The proposed Supplement amends the ODD to

incorporate descriptions of these changes.

Finally, the ODD would also be amended to update its front inside cover page so that it contains a current list of the U.S. exchanges that trade options issued by the OCC. Specifically, the list would be amended to delete reference to the New York Stock Exchange, Inc. ("NYSE") (which no longer trades standardized options issued by the OCC) and its corporate address, and to add The International Securities Exchange, Inc. ("ISE") (which currently trades standardized options issued by the OCC) and its corporate address.

The Commission has reviewed the proposed ODD Supplement and finds that it complies with Rule 9b-1 under the Act.⁸ The Supplement is intended to be read in conjunction with the more general ODD, which, as described above, discusses the characteristics and risks of options generally. The Supplement provides additional information describing options on fund shares and the types of securities that can underlie them, the OCC's ability to fix settlement prices for OCC-cleared index options where appropriate in the case of market disruptions, and the implications resulting from the exemption of standardized options from the provisions of the Securities Act of 1933.

Finally, the Commission has reviewed the proposed changes that update the front inside cover page of the ODD. Specifically, the Commission finds that it accurately identifies the markets in which options are currently traded pursuant to Rule 9b-1(c)(4) under the Act.⁹

Rule 9b-1 under the Act¹⁰ provides that an options market must file five copies of an amendment or supplement to the ODD with the Commission at least 30 days prior to the date definitive copies are furnished to customers, unless the Commission determines otherwise, having due regard to the adequacy of information disclosed and the public interest and protection of investors.¹¹ In addition, five definitive copies shall be filed with the Commission not later than the date the amendment or Supplement, or the amended options disclosure document, is furnished to customers. The Commission has reviewed the Supplement and amendment, and finds them consistent with the protection of

investors and in the public interest to allow the distribution of these documents as of the date of this order.

It is therefore ordered, pursuant to Rule 9b-1 under the Act,¹² that the proposed Supplement (SR-ODD-2003-01) regarding options on fund shares, settlement prices for index options, and the exemption of standardized options from the provisions of the Securities Act of 1933, as well as the proposed amendment to the Options Disclosure Document front cover page to identify the markets in which options are currently traded are approved. The Commission has also determined that definitive copies can be furnished to customers as of the date of this order.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹³

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-47428; File No. SR-PCX-2003-05]

Self-Regulatory Organizations; Notice of Withdrawal of Proposed Rule Change by the Pacific Exchange, Inc. Relating to Linkage Fee Charges

March 3, 2003.

On January 31, 2003, the Pacific Exchange, Inc. ("PCX" or "Exchange") submitted to the Securities and Exchange Commission ("Commission") a proposed rule change pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² to provide for fees for certain options intermarket linkage orders. The proposed rule change was published in the **Federal Register** on February 13, 2003.³ No comment letters were received on the proposal. On February 27, 2003, the Exchange withdrew the proposed rule change.⁴

¹ 17 CFR 240.9b-1.

² 17 CFR 200.30-3(a)(12).

³ 15 U.S.C. 78s(b)(1).

⁴ 17 CFR 240.19b-4.

⁵ See Securities Exchange Act Release No. 47330 (February 6, 2003), 68 FR 7405.

⁶ See letter from Mai Shiver, Senior Attorney, Regulatory Policy, PCX, to Nancy Sanow, Assistant Director, Division of Market Regulation, Commission, dated February 26, 2003.

³ See Securities Exchange Act Release Nos. 46252 (July 24, 2002), 67 FR 49715 (July 31, 2002) (approving File No. SR-Amex-2001-35); and 46435 (August 29, 2002), 67 FR 57046 (September 6, 2002) (approving File No. SR-CBOE-2002-47).

⁴ See Securities Exchange Act Release No. 46914 (November 26, 2002), 67 FR 72261 (December 4, 2002) (approving File No. SR-OCC-2002-22).

⁵ See Securities Exchange Act Release No. 46561 (September 26, 2002), 67 FR 61943 (October 2, 2002) (approving File No. SR-OCC-2002-09).

⁶ See Securities Exchange Act Release No. 47082 (December 23, 2002), 68 FR 188 (January 2, 2003) (adopting File No. S7-29-02 creating an exemption for standardized options from provisions of the Securities Act of 1933 and from the registration requirements of the Act).

⁷ 15 U.S.C. 78q-1.

⁸ 17 CFR 240.9b-1.

⁹ 17 CFR 240.9b-1(c)(4).

¹⁰ 17 CFR 240.9b-1.

¹¹ This provision is intended to permit the Commission either to accelerate or extend the time period in which definitive copies of a disclosure document may be distributed to the public.