

rule 19b-4(f)(6)(iii).<sup>13</sup> The Commission believes waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Acceleration of the operative date will permit operation of the interim options linkage to continue uninterrupted.<sup>14</sup>

At any time within 60 days of the filing of the 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.

#### 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 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 Amex. All submissions should refer to File Number SR-Amex-2003-02 and should be submitted by April 3, 2003.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>15</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-47446; File No. SR-Amex-2002-105]

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto by the American Stock Exchange LLC To Amend Amex Rule 17 to Provide for "Cash" In Addition to "Next Day" Settlement of Transactions in Rights and Warrants During the Trading Days Prior to Expiration

March 5, 2003.

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 December 12, 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 Amex filed an amendment to the proposed rule change on January 23, 2003.<sup>3</sup> The Commission is publishing this notice to solicit comments on the proposed rule change and Amendment No. 1 from interested persons.

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

The Amex proposes to amend Amex rule 17 to provide for "cash" in addition to "next day" settlement of transactions in rights and warrants during the trading days prior to expiration. The text of the proposed rule change is below. Text in brackets indicates material to be deleted, and text in italics indicates material to be added.

\* \* \* \* \*

#### Transactions in Rights and Warrants

Rule 17. (a) Unless otherwise directed by the Exchange, dealings on the Exchange in an issue of rights or warrants shall cease in accordance with the following procedure:

(1) Dealings in an issue of rights shall cease at the close of business on the

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

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

<sup>3</sup> See letter from William Floyd-Jones, Jr., Assistant General Counsel, Amex, to Nancy J. Sanow, Assistant Director, Division of Market Regulation, Commission, dated January 21, 2003, replacing Form 19b-4 in its entirety ("Amendment No. 1"). In Amendment No. 1, the Amex made corrections to rule text in Amex rule 17(b) to allow for "cash" settlement as well as "next day" settlement for all transactions in an issue of rights during the three business days preceding the final day for dealings on the Exchange and made corresponding changes and corrections to its discussion in the rule filing.

business day preceding the expiration date thereof, if such rights are exercisable in the New York City metropolitan area, and at such time in advance of the expiration date as may be announced by the Exchange, if such rights are exercisable outside such area; and

(2) Dealings in an issue of warrants shall cease, in the case of book-entry warrants, at the close of business on their expiration date, and for all other warrants at the close of business on the last business date preceding their expiration date.

(b) During the three business days preceding the final day for dealings therein on the Exchange, all transactions in an issue of rights shall be made only "next day[.]" or for "cash". On the final day for dealings therein on the Exchange, all transactions in an issue of rights shall be made only for "cash."

(c) During the three final business days for trading in an issue of warrants, dealings on the Exchange shall be made only for "cash." During the three preceding business days dealings on the Exchange shall be made only "next day[.]" or for "cash".

\* \* \* Commentary

See rule 179 for treatment of orders on a specialist's book during the final days for dealings in rights or warrants.

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#### 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, 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. The Exchange 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

Amex rule 17(b) currently provides that transactions in rights during the three trading days preceding the last trading session must be settled on a "next day" basis. Amex rule 17(c) currently provides that transactions in warrants during the three trading days preceding the last three trading sessions (*i.e.*, the fourth, fifth and sixth trading sessions prior to expiration) must only

<sup>13</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>14</sup> For purposes of accelerating the implementation of the proposed rule change only, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>15</sup> 17 CFR 200.30-3(a)(12).