

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 the filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-Amex-2003-18 and should be submitted by May 8, 2003.

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

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.⁸ In particular, the Commission finds that the proposed rule change is consistent with section 6(b)(5) of the Act,⁹ in that it will provide market participants with a source of closing price information for Nasdaq securities in addition to that disseminated by Nasdaq, which will enhance intermarket competition by providing an additional information source for market participants to assess and compare pricing and execution quality among different markets trading Nasdaq securities.

The Exchange has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after publication of notice thereof in the **Federal Register** to accommodate trading in Nasdaq securities on the Amex in accordance with existing Amex rules governing "at the close" transactions. The Commission believes that the establishment of MOC and LOC procedures for Nasdaq securities by the Exchange should benefit investors, generally, and that the proposal's

temporary exception regarding "pair off" transactions should prevent the Exchange from being unfairly disadvantaged until such time as the Nasdaq UTP Processor can complete the necessary technical enhancements.

Accordingly, the Commission finds good cause, pursuant to section 19(b)(2) of the Act,¹⁰ for approving the proposed rule change prior to the thirtieth day after the date of publication of notice thereof in the **Federal Register** because it will permit the Amex to disseminate its Official Closing Price for Nasdaq securities traded on the Amex utilizing the "M" sale condition at or about the time such condition is utilized by Nasdaq.¹¹ In addition, the proposed rule change regarding the exemption from reporting "pair off" transactions as "stopped stock" will be implemented on a pilot basis, pending the Nasdaq UTP Processor's implementation of necessary systems changes.

V. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,¹² that the proposed rule change (SR-Amex-2003-18), is hereby approved on an accelerated basis.

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. 34-47663; File No. SR-NASD-2003-67]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by National Association of Securities Dealers, Inc. To Extend Operation of NASD's Alternative Display Facility on a Pilot Basis

April 10, 2003.

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 April 7,

¹⁰ 15 U.S.C. 78s(b)(2).

¹¹ Nasdaq has announced that it expects to place the "M" sale condition into production on April 14, 2003. The "M" sale condition will be utilized to disseminate the Nasdaq Official Closing Price on the Nasdaq market. See Release No. 34-47517, *supra* note 5.

¹² See *supra* note 10.

¹³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

2003, the National Association of Securities Dealers, Inc. ("NASD") filed with the Securities and Exchange Commission the proposed rule change as described in Items I, II, and III below, which NASD has prepared. NASD has designated the proposed rule change as constituting a "non-controversial" rule change under Rule 19b-4(f)(6),³ which renders the proposal effective upon receipt of this filing by the Commission. 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

NASD is proposing to extend for nine months the operation of its Alternative Display Facility ("ADF") on a pilot basis. The current ADF pilot program, which the SEC approved on July 24, 2002, is due to expire on April 24, 2003. The pilot program permits members to quote and trade only Nasdaq-listed securities on or through the ADF. In addition, the proposed rule change would amend NASD Rule 4613A to clarify that ADF market participants must have in close proximity to their ADF Facility terminal at which they make a market in a Nasdaq security quotation data from all markets trading Nasdaq securities.

Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.

* * * * *

4000A. NASD Alternative Display Facility

4100A. General

NASD Alternative Display Facility ("ADF") is the facility to be operated by NASD on a nine-month pilot basis for members that choose to quote or effect trades in Nasdaq securities ("ADF-eligible securities") otherwise than on Nasdaq or on an exchange. The ADF will collect and disseminate quotations, compare trades, and collect and disseminate trade reports. Those NASD members that utilize ADF systems for quotation or trading activities must comply with the Rule 4000A, Rule 5400 and Rule 6000A Series, as well as all other applicable NASD Rules. The ADF pilot will expire on [April 24, 2003] *January 26, 2004*.

* * * * *

4613A. Character of Quotations

(a) through (d) No change.

³ 17 CFR 240.19b-4(f)(6).

⁸ In approving this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁹ 15 U.S.C. 78f(b)(5).