

*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, 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 also will be available for inspection and copying at the principal office of the CBOE. All submissions should refer to File No. SR-CBOE-2002-36 and should be submitted by May 12, 2003.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**Margaret H. McFarland,**  
*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-47675; File No. SR-NQLX-2003-03]

**Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto by Nasdaq Liffe Markets, LLC To Amend Its Initial Listing Standards and Maintenance Standards for Single Stock Futures**

April 14, 2003.

Pursuant to section 19(b)(7) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-7 under the Act,<sup>2</sup> notice is hereby given that on January 27, 2003, Nasdaq Liffe Markets, LLC ("NQLX") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule changes described in items I, II, and III below, which Items have been prepared by the NQLX. On April 4, 2003, NQLX filed Amendment No. 1 to the proposed rule change.<sup>3</sup> The Commission is publishing this notice to solicit comments on the proposed rule changes, as amended, from interested persons.

On January 27, 2003, NQLX submitted the proposed rule change to the Commodities Futures Trading Commission ("CFTC") for approval. On April 3, 2003, NQLX submitted the Amendment No. 1 to proposed rule change to the CFTC for approval. Under section 19(b)(7)(B) of the Act,<sup>4</sup> the proposed rule change may take effect upon approval by the CFTC.

**I. Self-Regulatory Organization's Description of the Proposed Rule Change**

NQLX proposed to amend both its initial and maintenance listing standards (NQLX Rules 902 and 903) as they relate to the pricing criteria for securities that underlie security futures products offered by NQLX. Currently NQLX Rule 902(b)(8) requires that the market price per share of any underlying security must be at least \$7.50 for the majority of trading days during the three calendar months before listing of the security futures contract, as measured by the lowest closing price reported in any market in which the

underlying security traded on each of the subject days.

In addition to meeting the current listing requirements of NQLX Rule 902(b), NQLX proposes adding a new rule provision, NQLX Rule 902(b)(8)(i), that would allow the listing of a security futures product if the underlying securities are "covered securities," as defined under Section 18(b)(1)(A) of the Securities Act of 1933 ("1933 Act") ("covered securities"),<sup>5</sup> and have reported at least a \$3.00 per share closing price on their primary for the five previous consecutive trading days before the initial listing of the product. For initial listings of security future products with underlying securities that are not covered securities, NQLX Rule 90218(b)(8)(ii) will continue to require those underlying securities to trade at \$7.50 or above for the majority of trading days during the three calendar months before listing of the security futures contract.

NQLX also proposes to add NQLX Rule 902(b)(8)(iii) to allow the initial listing of a security futures contract if the underlying security (1) meets the requirements under NQLX Rule 903(c); (2) underlies a security futures contract that already trades on at least one other registered national securities exchange; and (3) underlies a security futures contract that has had average daily trading volume of at least 5,000 contracts during the three calendar months immediately before the date of listing. NQLX represents that this proposed change is consistent with similar initial listing standards in place at several options exchanges.<sup>6</sup>

As to maintenance listing standards, in addition to meeting the current listing requirements of NQLX rule 903(c), NQLX proposes to amend NQLX Rule 903(c)(6) to allow the listing of a new delivery months for a security futures product if the underlying securities have reported at least a \$3.00 per share closing price on their primary market on the trading day immediately before the listings of the new delivery month.<sup>7</sup> NQLX represents that this

<sup>5</sup> Section 18(b)(1)(A) of the 1933 Act provides that, "[a] security is a covered security if such security is—listed, or authorized for listing, on the New York Stock Exchange or the American Stock Exchange, or listed, or authorized for listing, on the National Market system of the Nasdaq Stock Market (or any successor to such entities). \* \* \*" 15 U.S.C. 77r(b)(1)(A). The term "covered security" would not include those securities defined under section 18(b)(1)(B) of the 1933 Act. 15 U.S.C. 77r(b)(1)(B).

<sup>6</sup> See, e.g., Commentary .01(4) to American Stock Exchange LLC ("Amex") Rule 916; International Securities Exchange, Inc. ("ISE") Rule 502(b)(5)(ii); Pacific Exchange, Inc. ("PCX") Rule 3.6(a)(4).

<sup>7</sup> Currently, NQLX does not anticipate adding additional series intra-day. However, if NQLX ever

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<sup>8</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(7).

<sup>2</sup> 17 CFR 240.19b-7.

<sup>3</sup> On April 4, 2003, NQLX filed Form 19b-7, which completely replaces the initial filing in its entirety. Telephone conversation between Kathleen Hamm, Senior Vice President, Regulation and Compliance, NQLX, and Christopher Solgan, Attorney, Division of Market Regulation ("Division"), Commission, on April 8, 2003.

<sup>4</sup> 15 U.S.C. 78s(b)(7)(B).