

their customers with enhanced access to the ISE.

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.<sup>5</sup> Elimination of the "speed bump" will remove an impediment to trading created only to limit the market risk undertaken by ISE market makers. Additionally, the change should permit faster entry and execution of orders on the Exchange, thereby providing investors with improved services. Therefore, the Commission believes that the proposal is consistent with Section 6(b)(5) of the Act,<sup>6</sup> which requires, among other things, that the rules of an exchange be designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market, and to protect investors and the public interest.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>7</sup> that the proposed rule change (File No. SR-ISE-2002-27) be, and it hereby is, approved.

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. 34-47193; File No. SR-NQLX-2002-03]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by Nasdaq Liffe Markets, LLC Relating to Final Settlement Prices for Cash-Settled Security Futures Products and Trading Restrictions and Suspensions

January 15, 2003.

Pursuant to section 19(b)(7) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and rule 19b-7 thereunder,<sup>2</sup> notice is hereby given that on December 17, 2002, Nasdaq Liffe Markets, LLC

("NQLX") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule changes as described in items I, II, and III below, which items have been prepared by NQLX. The Commission is publishing this notice to solicit comments on the proposed rule changes from interested persons. NQLX also has certified the proposed rule changes with the Commodity Futures Trading Commission ("CFTC") under section 5c(c) of the Commodity Exchange Act<sup>3</sup> ("CEA") on October 30, 2002, and December 16, 2002.

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

Currently, NQLX does not intend to offer cash-settled security futures products. However, NQLX proposes to adopt rule 904 that would serve as a place holder in case NQLX ever decides to offer cash-settled security futures contracts. In addition, NQLX proposes to adopt rule 426(a) to make clear that NQLX's chief executive officer or president has the power to restrict or suspend trading in any NQLX-listed contract at any time during an emergency if he believes that the restriction or suspension is necessary to maintain a fair and orderly market or is necessary or appropriate in the public interest or for the protection of investors. Below is the text of the proposed rule changes. Text in italics indicates material to be added.

\* \* \* \* \*

#### Rule 426 Trading Restrictions and Suspensions

(a) *The Chief Executive Officer or President shall have the power to restrict or suspend trading in any Exchange Contract on NQLX at any time during an Emergency if he believes that the restriction or suspension is necessary to maintain a fair and orderly market or is necessary or appropriate in the public interest or for the protection of investors.*

*Rule 904 Contract Specifications-Security Futures Products that Cash-Settle.*

#### Reserved

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

NQLX has prepared statements concerning the purpose of, and statutory

<sup>3</sup> 7 U.S.C. 7a-2(c).

basis for, the proposed rule change, burdens on competition, and comments received from members, participants, and others. The text of these statements may be examined at the places specified in item IV below. These statements are set forth in sections A, B, and C below.

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

##### 1. Purpose

Currently, NQLX does not intend to offer cash-settled security futures products. However, NQLX is proposing to adopt rule 904 that would serve as a place holder in case NQLX ever decides to offer cash-settled security futures contracts. In addition, NQLX proposes adopting rule 426(a) to make clear that NQLX's chief executive officer or president has the power to restrict or suspend trading in any NQLX-listed contract at any time during an emergency if he believes that the restriction or suspension is necessary to maintain a fair and orderly market or is necessary or appropriate in the public interest or for the protection of investors.

##### 2. Statutory Basis

NQLX files these proposed rules pursuant to section 19(b)(7) of the Act.<sup>4</sup> NQLX believes that its proposed rules comply with the requirements under section 6(h)(3)(H) of the Act<sup>5</sup> and the criteria under section 2(a)(1)(D)(i)(VII) of the CEA.<sup>6</sup> In addition, NQLX believes that its proposed rules are consistent with the provisions of section 6 of the Act<sup>7</sup> in general, and section 6(b)(5) of the Act<sup>8</sup> in particular, which requires, among other things, that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, and, in general, to protect investors and the public interest.

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

NQLX does not believe that the proposed rules will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

<sup>5</sup> 15 U.S.C. 78f(h)(3)(H).

<sup>6</sup> 7 U.S.C. 2(a)(1)(D)(i)(VII).

<sup>7</sup> 15 U.S.C. 78f.

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>5</sup> In approving this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78(c)(f).

<sup>6</sup> 15 U.S.C. 78f(b)(5).

<sup>7</sup> 15 U.S.C. 78s(b)(2).

<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.