

seeks, on a three month pilot basis, to reduce these charges by \$0.08 for equity options and \$0.18 for QQQ options. In order for a specialist or ROT to qualify for the fee reduction, the option trades must be between market makers,⁵ *i.e.* the other side of the trade must be a specialist, ROT or away market maker.⁶ The Exchange believes that a three month pilot program for this fee reduction program is appropriate so that it is able to monitor and evaluate the effectiveness of the fee reduction.

This proposed change is expected to reduce the overall option transaction fee for specialists and ROTs to \$0.28 for both equity and QQQ options in connection with market maker to market maker trades. In the case of equity option market maker to market maker trades, the new fee breakdown after the fee reduction will consist of a \$0.18 transaction fee, a \$0.05 comparison fee and a \$0.05 brokerage fee. For QQQ option market maker to market maker trades, the new fee breakdown after the fee reduction will consist of a \$0.08 transaction fee, a \$0.10 licensing fee, a \$0.05 comparison fee and a \$0.05 brokerage fee. The Amex believes that the proposed fee reduction of transaction costs for market maker to market maker trades is reasonable and will help to make the Exchange's fees more attractive and competitive with the other options exchanges.

2. Basis

The Exchange believes the proposed rule change is consistent with section 6(b) of the Act,⁷ in general, and with section 6(b)(4)⁸ in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among its members.

⁵ Section 3(a)(38) of the Act defines "market maker" as any specialist permitted to act as a dealer, any dealer acting in the capacity of block positioner, and any dealer who, with respect to a security, holds himself out (by entering quotations in an inter-dealer communications system or otherwise) as being willing to buy and sell such security for his own account on a regular or continuous basis.

⁶ An "away market maker" is a member of another national securities exchange registered as a market maker in an options class(es). An "away market maker" is considered to be a "broker-dealer" for purposes of the Exchange's fee schedule. Thus, "away market makers" would pay a \$0.19 transaction fee for equity options, including the QQQ options; a \$0.04 comparison fee; and a \$0.03 floor brokerage fee. Telephone Call between Jeffrey P. Burns, Associate General Counsel, Amex, Kelly Riley, Senior Special Counsel, Division, Commission, and Sonia Trocchio, Special Counsel, Division, Commission (June 16, 2003).

⁷ 15 U.S.C. 78f.

⁸ 15 U.S.C. 78f(b)(4).

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

The Exchange does not believe that the proposed rule change will impose any burden on competition.

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

The proposed rule change has been designated as a fee change pursuant to section 19(b)(3)(A)(ii) of the Act⁹ and Rule 19b-4(f)(2)¹⁰ thereunder. At any time within 60 days of the filing of such 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 the 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 proposal 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 No. SR-Amex-2003-52 and should be submitted by July 29, 2003.

⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁰ 17 CFR 240.19b-4(f)(2).

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹¹

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48113; File No. SR-NASD-2003-99]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Proposed Amendment to Rule 6260 Regarding New Issue Notification Procedures for TRACE-Eligible Securities

June 30, 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 June 19, 2003, the National Association of Securities Dealers, Inc. ("NASD") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by NASD. 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 amend Rule 6260(a) and (b) to require members to provide additional, descriptive information in the notice that is sent to NASD and identifies the basic terms of a new TRACE-eligible security ("new issue notification"), and to provide the information required in Rule 6250(b) by e-mail or facsimile. Rule 6260 is one of the Trade Reporting and Compliance Engine ("TRACE") rules. Below is the text of the proposed rule change. Proposed new language is in *italics*; proposed deletions are in brackets.

* * * * *

6200. Trade Reporting and Compliance Engine (TRACE)

6260. Managing Underwriter Obligation To Obtain CUSIP

(a) In order to facilitate trade reporting and dissemination of secondary transactions in TRACE-eligible securities, the member that is the

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.