

floor-wide basis on or before August 29, 2003.

Market Surveillance

During the approximately month-long Rollout, Floor Brokers for whom the Booth Device and the respective Handheld Devices have been installed will use the System to record information concerning orders they represent on the Exchange floor, while those Floor Brokers awaiting installation will continue to use the current System, which includes, without limitation, the requirement that order information is to be written on trade tickets and time-stamped upon receipt of the order¹³ and the requirement to time-stamp tickets upon execution.¹⁴

The Exchange represents that, during the Rollout, it will continue to surveil for, and enforce compliance with, existing rules regarding orders represented by Floor Brokers. For those Floor Brokers for whom the System has been deployed, an order entered through the System must include the information required in the rules set forth in the instant proposal. For those Floor Brokers for whom the System has not been deployed, the Exchange will continue to surveil for, and enforce compliance with, rules concerning current practices regarding orders represented by Floor Brokers using written tickets and time-stamps to record information necessary to reflect the handling of such orders.

The Exchange believes that the System will enable Floor Brokers to handle orders they represent more efficiently, and will further enable the Exchange to comply with the audit trail requirement for non-electronic orders required under the Order.

2. Statutory Basis

The Exchange believes that its proposal is consistent with section 6(b) of the Act¹⁵ in general, and furthers the objectives of section 6(b)(5) of the Act¹⁶ in particular, in that it is designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanisms of a free and open market and a national market System, and to protect investors and the public interest, by requiring Floor Brokers to enter certain information onto the System regarding orders they represent, thus providing an electronic audit trail for orders they represent on the Exchange.

¹³ See Exchange Option Floor Procedure Advice ("OFPA") C-2.

¹⁴ See OFPA F-2.

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(5).

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

The Exchange does not believe that the proposed rule change will impose any inappropriate 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 either solicited or received.

III. Solicitation of Comments

Interested persons are invited to submit written data, views and 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 such filing will also be available for inspection and copying at the principal office of the Phlx. All submissions should refer to File No. SR-Phlx-2003-56 and should be submitted by August 28, 2003.

IV. Commission's Findings and Order Granting Accelerated Approval

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.¹⁷ In particular, the Commission finds that the proposed rule change is consistent with section 6(b)(5) of the Act, which requires that the rules of an exchange be designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national securities System, and protect investors and the public interest.¹⁸

¹⁷ In approving this proposal, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹⁸ 15 U.S.C. 78f(b)(5).

The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of the publication of notice thereof in the **Federal Register**. The Commission believes that granting accelerated approval to the proposed rule change on a pilot basis will allow the Exchange to have enforceable rules governing use of the Exchange's new System in effect during the Rollout, and will help ensure that members are properly trained and familiar with the rules prior to full deployment of the System.

V. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,¹⁹ that the proposed rule change (SR-Phlx-2003-56) is approved on an accelerated basis and is effective on a pilot basis until August 29, 2003.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²⁰

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 03-20127 Filed 8-6-03; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48265; File No. SR-Phlx-2003-40]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to the Options Floor Broker Management System

July 31, 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 2, 2003, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") 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 the Phlx. On July 28, 2003, the Exchange submitted Amendment No. 1 to the proposed rule change.³ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

¹⁹ 15 U.S.C. 78f(b)(2).

²⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Amendment No. 1 replaces and supercedes the original filing in its entirety.