

regulatory organizations<sup>15</sup> and raises no new issues.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning Amendment No. 2, including whether Amendment No. 2 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 filings will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-PCX-2003-35 and should be submitted by December 29, 2003.

#### V. Conclusion

*It is therefore ordered*, pursuant to section 19(b)(2) of the Act,<sup>16</sup> that the portions of the proposed rule change (File No. SR-PCX-2003-35) set forth above relating to compliance with Rule 10A-3 under the Act be, and hereby are, approved, and that Amendment No. 2 relating to complaint procedures of audit committees of investment companies be granted accelerated approval.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>17</sup>

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

[FR Doc. 03-30353 Filed 12-5-03; 8:45 am]

**BILLING CODE 8010-01-P**

#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48851; File No. SR-Phlx-2003-77]

#### Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to the Renewal of a Pilot Program To Disengage the Automatic Execution Feature (AUTO-X) of the Exchange's Automated Options Market (AUTOM)

November 26, 2003.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 19, 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. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons, and granting accelerated approval to the proposal for a pilot period of one year.

#### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Phlx proposes to extend, for a one-year period, its Pilot program concerning AUTO-X, whereby AUTO-X is disengaged for a period of 30 seconds after the number of contracts automatically executed in a given class of options meets the specified disengagement size for the option (the "Pilot").<sup>3</sup> The Exchange also proposes to amend Exchange Rule 1080, Philadelphia Stock Exchange Automated Options Market (AUTOM) and Automatic Execution System (AUTO-X),<sup>4</sup> to reflect a systems change

to the Pilot that was previously filed for immediate effectiveness with the Commission.<sup>5</sup> The text of the proposed rule change is set forth below. Brackets indicate deletions; indicates new text.

Philadelphia Stock Exchange  
Automated Options Market (AUTOM)  
and Automatic Implementation System (AUTO-X)

Rule 1080. (a)-(b) No change.

(c) (i)-(iii) No change.

(iv) (A)-(H) No change.

(I) when the number of contracts automatically executed within a 15 second period in an option (subject to a Pilot program until November 30, 2003[3]4) exceeds the specified disengagement size, a 30 second period ensues during which subsequent orders are handled manually. *If the Exchange's disseminated size exceeds the specified disengagement size and an eligible order is delivered for a number of contracts that is greater than the specified disengagement size, such an order will be automatically executed up to the disseminated size, followed by an AUTO-X disengagement period of 30 seconds. If the specialist revises the quotation in such an option prior to the expiration of such 30-second period, eligible orders in such an option shall again be executed automatically.*

(v) No change.

(d)-(j) No change.

Commentary:

.01-.07 No change.

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

In its filing with the Commission, the Phlx included statements concerning the purpose of, and the basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item III below. The Phlx has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

##### 1. Purpose

The purpose of the proposed rule change is to extend the Pilot for a one-year period, and to amend Exchange Rule 1080(c)(iv)(I) to reflect a systems change to the Pilot, as more fully

<sup>15</sup> See NYSE/NASD Corporate Governance Release, *supra* n. 9.

<sup>16</sup> 15 U.S.C. 78s(b)(2).

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

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Pursuant to a telephone conversation between Richard S. Rudolph, Director and Counsel, Phlx, and Marc McKayle, Special Counsel, Division of Market Regulation ("Division"), Commission on November 25, 2003, the sentence was changed to clarify that the Pilot relates to option classes.

<sup>4</sup> AUTOM is the Exchange's electronic order delivery, routing, execution and reporting system, which provides for the automatic entry and routing of equity option and index option orders to the Exchange trading floor. Orders delivered through AUTOM may be executed manually, or certain orders are eligible for AUTOM's automatic execution feature, AUTO-X. Equity option and index option specialists are required by the Exchange to participate in AUTOM and its features and enhancements. Option orders entered by Exchange members into AUTOM are routed to the appropriate specialist unit on the Exchange trading floor. See Exchange Rule 1080.

<sup>5</sup> See Securities Exchange Act Release No. 48430 (September 3, 2003), 68 FR 53415 (September 10, 2003) (SR-Phlx-2003-52).