

soliciting the Enhancement Offer; the name and CRD number of the registered representative's broker-dealer; commission paid; the election form (and separate document, if any, used to obtain the contract owner's acknowledgment of the statements required in Condition No. 1) showing the name, date of birth, address and telephone number of the contract owner and the date the election form (or separate document) was signed; amount of contract value at the time of election of the Enhancement Offer; and persistency information relating to the enhanced contract, including the date of any subsequent surrender and the amount of CDSC paid on the surrender; and

(d) logs showing a record of any contract owner complaint about the Enhancement Offer; state insurance department inquiries about the Enhancement Offer; or litigation, arbitration or other proceedings regarding any enhanced contract. The logs will include the date of the complaint or commencement of the proceeding, name and address of the person making the complaint or commencing the proceeding, nature of the complaint or proceeding, and the persons named or involved in the complaint or proceeding.

Applicants will retain records specified in (a) and (d) for a period of six years after the date the records are created; records specified in (b) for a period of six years after the date of last use; and records specified in (c) for a period of two years after the date that the CDSC period of the Enhanced Contract ends with respect to contract value as of the date the Enhancement Offer is accepted.

4. The Offering Document will disclose in concise plain English each aspect of the enhanced contracts that will be less favorable than the old contracts.

## Conclusion

For all the reasons discussed above, Applicants submit (1) that the Offers provide additional benefits to contract owners, may be advantageous for the owners to whom they will be offered, and do not contravene any policy or purpose of Section 11, and (2) that approval of Applicants' Offers as described, and subject to the conditions set forth in this Application, is appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the Act. Therefore, Applicants submit that the Commission should grant the approval sought by this Application.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 03-4506 Filed 2-25-03; 8:45 am]

BILLING CODE 8010-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-47372; File No. SR-CHX-2003-02]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Stock Exchange, Incorporated to Reinstate and Extend a Pilot Rule Interpretation Relating to Trading of Nasdaq/NM Securities in Subpenny Increments

February 14, 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 January 30, 2003, the Chicago Stock Exchange, Incorporated ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Exchange filed the proposal pursuant to Section 19(b)(3)(A) of the Act,<sup>3</sup> and Rule 19b-4(f)(6)<sup>4</sup> thereunder, which renders the proposal effective upon filing with the Commission. 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

The Exchange proposes to extend through May 31, 2003, the pilot rule interpretation relating to the trading of Nasdaq/NM securities in subpenny increments. The CHX does not propose to make any substantive or typographical changes to the pilot; the only change is to extend the pilot's expiration date through May 31, 2003. The text of the proposal is available at the Commission and at the CHX.

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

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

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(6). The Commission waived the 5-day pre-filing notice requirement.

#### 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 CHX included statements concerning the purpose of and basis for its proposal and discussed any comments it received regarding the proposal. The text of these statements may be examined at the places specified in Item IV below. The CHX 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

On April 6, 2001, the Commission approved, on a pilot basis through July 9, 2001, a pilot rule interpretation (CHX Article XXX, Rule 2, Interpretation and Policy .06 "Trading in Nasdaq/NM Securities in Subpenny Increments")<sup>5</sup> that requires a CHX specialist (including a market maker who holds customer limit orders) to better the price of a customer limit order in his book which is priced at the national best bid or offer by at least one penny if the specialist determines to trade with an incoming market or marketable limit order. The pilot has been extended five times and is set to expire on January 31, 2003.<sup>6</sup> The CHX now proposes to extend the pilot through May 31, 2003. The CHX proposes no other changes to the pilot, other than extending it through May 31, 2003.

###### 2. Statutory Basis

The CHX believes the proposal is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b).<sup>7</sup> In particular, the CHX believes the proposal is consistent with

<sup>5</sup> See Securities Exchange Act Release No. 44164 (April 6, 2001), 66 FR 19263 (April 13, 2001) (SR-CHX-2001-07).

<sup>6</sup> See Securities Exchange Act Release Nos. 44535 (July 10, 2001), 66 FR 37251 (July 17, 2001) (extending the pilot through November 5, 2001); 45062 (November 15, 2001), 66 FR 58758 (November 23, 2001) (extending the pilot through January 14, 2002); 45386 (February 1, 2002), 67 FR 6062 (February 8, 2002) (extending the pilot through April 15, 2002); 45755 (April 15, 2002), 67 FR 19607 (April 22, 2002) (extending the pilot through September 30, 2002); and 46587 (October 2, 2002), 67 FR 63180 (October 10, 2002) (extending the pilot through January 31, 2003).

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