

## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following meeting during the week of November 12, 2001: A closed meeting will be held on Tuesday, November 13, 2001, at 10 a.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(5), (7), (9)(A), (9)(B), and (10) and 17 CFR 200.402(a)(5), (7), 9(i), 9(ii) and (10), permit consideration of the scheduled matters at the closed meeting.

The subject matters of the closed meeting scheduled for Tuesday, November 13, 2001, will be: Institution and settlement of injunctive actions; institution and settlement of administrative proceedings of an enforcement nature; formal orders; and an adjudicatory matter.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary at (202) 942-7070.

Dated: November 6, 2001.

**Jonathan G. Katz,**  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[File No. 500-1]

### 2DoTrade, Inc.; Order of Suspension of Trading

November 6, 2001.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of 2DoTrade, Inc. ("2DoTrade") because of questions regarding the accuracy of assertions by 2DoTrade and its officers, in press releases concerning, among other things: (1) The Company's claims about testing and the expected distribution of a

supposed anti-bacterial compound as a disinfectant for anthrax; (2) the existence and viability of contracts entered into by the company; (3) the status of the company's business operations and prospects; and (4) the identity and backgrounds of the persons in control of the operations and management of the company.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above listed company.

Therefore, it is ordered, pursuant to Section 12(k) of the Securities Exchange Act of 1934, that trading in the above listed company is suspended for the period from 9:30 a.m. EST, November 6, 2001 through 11:59 p.m. EST, on November 19, 2001.

By the Commission.

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 01-28155 Filed 11-6-01; 1:45 pm]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45010; File No. SR-CHX-2001-22]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Stock Exchange, Inc.; Extending the Pilot Relating to Trading of Nasdaq/National Market Securities on the Exchange

November 1, 2001.

Pursuant to section 19(b)(1) of the Securities Exchange Act ("Act" or "Exchange Act"),<sup>1</sup> and Rule 19-4 thereunder,<sup>2</sup> notice is hereby given that on October 30, 2001, the Chicago Stock Exchange, Inc. ("CHX" 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 Exchange. The Exchange filed the proposal pursuant to section 19(b)(3)(A) of the Act,<sup>3</sup> and Rule 19-4(f)(6)<sup>4</sup> thereunder, which renders the proposal effective upon filing with the commission.<sup>5</sup> The Commission is publishing this notice to

<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).

<sup>5</sup> The Exchange has asked the Commission to waive the 5-day pre-filing requirement and the 30-day operative delay to allow the proposal to be effective upon filing with the Commission. The Commission has agreed to do both. See Rule 19b-4(f)(6). 17 CFR 240.19b-4(f)(6).

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 has requested a one-year extension of the pilot program relating to the trading of Nasdaq/National Market ("Nasdaq/NM") securities on the Exchange. Specifically, the pilot program amended Article XX, Rule 37 and Article XX, Rule 43 of the Exchange's rules. The pilot program currently is due to expire on November 1, 2001. The Exchange proposes that the pilot remain in effect on a pilot basis through November 1, 2002. The text of the proposed rule change is available at the principal offices of the CHX and at the Commission.

### 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 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 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

The Exchange has requested a one-year extension of the pilot program relating to the trading of Nasdaq/NM securities on the Exchange. Specifically, the pilot program amends Article XX, Rule 37 and Article XX, Rule 43 of the Exchange's Rules. The pilot program currently is due to expire on November 1, 2001; the Exchange proposes that the amendments remain in effect on a pilot basis through November 1, 2002.

On May 4, 1987, the commission approved certain Exchange rules and procedures relating to the trading of Nasdaq/NM securities on the Exchange.<sup>6</sup> Among other things, these

<sup>6</sup> See Securities Exchange Act Release No. 24424 (May 4, 1987), 52 FR 17868 (May 12, 1987) (order approving File No. SR-MSE-87-2); see also, Securities Exchange Act Release Nos. 28146 (June 26, 1990), 55 FR 27917 (July 6, 1990) (order expanding the number of eligible securities to 100); 36102 (August 14, 1995), 60 FR 43626 (August 22, 1995) (order expanding the number of eligible

rules rendered the Exchange's BEST Rule guarantee (Article XX, Rule 37(a)) applicable to Nasdaq/NM securities and made Nasdaq/NM securities eligible for the automatic execution feature of the Exchange's Midwest Automated Execution System (the "MAX" system).<sup>7</sup>

On January 3, 1997, the Commission approved,<sup>8</sup> on a one year pilot basis, a program that eliminated the requirement that CHX specialists automatically execute orders for Nasdaq/NM securities when the specialist is not quoting at the national best bid or best offer disseminated pursuant to SEC Rule 11Ac1-1<sup>9</sup> (The "NBBO"). When the Commission approved the program on a pilot basis, it requested that the Exchange submit a report to the Commission describing the Exchange's experience with the pilot program. The Commission stated that the report should include at least six months of trading data. Due to programming issues, the pilot program was not implemented until April, 1997. Six months of trading data did not become available until November, 1997. As a result, the Exchange requested an additional three-month extension to collect the data and prepare the report for the Commission.

On December 31, 1997, the Commission extended the pilot program for an additional three months, until March 31, 1998, to give the Exchange additional time to prepare and submit the report and to give the Commission adequate time to review the report prior to approving the pilot on a permanent basis.<sup>10</sup> The Exchange submitted the report to the Commission on January 30, 1998. Subsequently, the Exchange requested another three-month extension, in order to give the Commission adequate time to approve the pilot program on a permanent basis. On March 31, 1998, the Commission approved the pilot for an additional three-month period, until June 30, 1998.<sup>11</sup> On July 1, 1998, the

securities to 500), 41392 (May 12, 1999), 64 FR 27839 (May 21, 1999) (order expanding the number of eligible securities to 1000).

<sup>7</sup> The MAX system may be used to provide an automated delivery and execution facility for orders that are eligible for execution under the Exchange's BEST Rule and certain other orders. See CHX Rules, Art. XX, Rule 37(b). A MAX order that fits within the BEST parameters is executed pursuant to the BEST Rule via the MAX system. If an order is outside the BEST parameters, the BEST rule does not apply, but MAX system handling rules remain applicable.

<sup>8</sup> See Securities Exchange Act Release No. 38119, 62 FR 1788 (January 13, 1997).

<sup>9</sup> 17 CFR 240.11Ac1-1.

<sup>10</sup> See Securities Exchange Act Release No. 39512, 62 FR 1517 (January 9, 1998).

<sup>11</sup> See Securities Exchange Act Release No. 39823, 63 FR 17246 (April 8, 1998).

Commission approved the pilot for an additional six-month period, until December 31, 1998.<sup>12</sup> On December 31, 1998, the Commission approved the pilot for an additional six-month period, until June 30, 1999.<sup>13</sup> On June 30, 1999, Commission approved the pilot for an additional seven-month period, until January 31, 2000.<sup>14</sup> On January 31, 2000, the Commission approved the pilot for an additional three-month period, until May 1, 2000.<sup>15</sup> On May 1, 2000, the Commission approved the pilot for an additional six-month period, until November 1, 2000.<sup>16</sup> On November 15, 2000, the Commission approved the pilot for an additional one-year period, until November 1, 2001.<sup>17</sup> In light of the evolving nature of the Nasdaq market and unlisted trading of Nasdaq/NM securities, the exchange now requests another extension of the current pilot program, through November 1, 2002. The Exchange is not requesting approval of any changes to the pilot program in this submission.

Under the pilot program, specialists must continue to accept agency<sup>18</sup> market orders or marketable limit orders, but only for orders of 100 to 1000 shares in Nasdaq/NM securities rather than the 2099 share limit previously in place. This threshold order acceptance requirement is referred to as the "auto acceptance threshold." Specialists, however, must accept all agency limit orders in Nasdaq/NM securities from 100 up to and including 10,000 shares for placement in the limit order book. Specialists are required to automatically execute Nasdaq/NM orders in accordance with certain amendments to the pilot program that recently were approved by the Commission.<sup>19</sup>

The pilot program requires the specialist to set the MAX auto-execution threshold at 300 shares or greater for

<sup>12</sup> See Securities Exchange Act Release No. 40150, 63 FR 36983 (July 8, 1998).

<sup>13</sup> See Securities Exchange Act Release No. 40868, 64 FR 1845 (January 12, 1999).

<sup>14</sup> See Securities Exchange Act Release No. 41586, 64 FR 36938 (July 8, 1999).

<sup>15</sup> See Securities Exchange Act Release No. 42372, 65 FR 6425 (February 9, 2000).

<sup>16</sup> See Securities Exchange Act Release No. 42740, 65 FR 26649 (May 8, 2000).

<sup>17</sup> See Securities Exchange Act Release No. 43565, 65 FR 71166 (November 29, 2000).

<sup>18</sup> The term "agency order" means an order for the account of a customer, but does not include professional orders, as defined in CHX Rules, Art. XXX, Rule 2, Interp. and Policy .04. The rule defines a "professional order" as any order for the account of a broker-dealer, the account of an associated person of a broker-dealer, or any account in which a broker-dealer or an associated person of a broker-dealer has any direct or indirect interest.

<sup>19</sup> See Securities Exchange Act Release No. 44778, 66 FR 48074 (September 17, 2001).

Nasdaq/NM securities. When a CHX specialist is quoting at the NBBO, orders for a number of shares less than or equal to the size of the specialist's quote are executed automatically (in an amount up to the size of the specialist's quote). Orders of a size greater than the specialist's quote are automatically executed up to the size of the specialist's quote, with the balance of the order designated as an open order in the specialist's book, to be filled in accordance with the Exchange's rules for manual execution of orders for Nasdaq/NM securities. Such rules dictate that the specialist must either manually execute the order at the NBBO or a better price or act as agent for the order in seeking to obtain the best available price for the order on a marketplace other than the Exchange. If the specialist decides to act as agent for the order, the pilot program requires the specialist to use order-routing systems to obtain an execution where appropriate. Orders for securities quoted with a spread greater than the minimum variation are executed automatically after a fifteen second delay from the time the order is entered into MAX. The size of the specialist's bid or offer is then automatically decremented by the size of the execution. When the specialist's quote is exhausted, the system generates an autoquote at an increment away from the NBBO, as determined by the specialist from time to time, for either 100 or 1000 shares, depending on the issue.<sup>20</sup>

When the specialist is not quoting a Nasdaq/NM security at the NBBO, an order that is of a size less than or equal to the auto execution threshold designated by the specialist will execute automatically at the NBBO price up to the size of the auto execution threshold. Orders of a size greater than the auto execution threshold will be designated as open orders in the specialist's book and manually executed, unless the order-sending firm previously has advised the specialist that it elects partial automatic execution, in which event the order will be executed automatically up to the size of the auto execution threshold, with the balance of the order to be designated as an open order in the specialist's book.

Whether the specialist is quoting at the NBBO or not, "oversized" orders, *i.e.*, orders that are of a size greater than the auto acceptance threshold of 1000 shares (as designated by the specialist), are not subject to the foregoing

<sup>20</sup> Specifically, the autoquote is currently for one normal unit of trading (usually 100 shares) for issues that became subject to mandatory compliance with SEC Rule 11Ac1-4 on or prior to February 24, 1997 and 1000 shares for other issues.

requirements, and may be canceled within one minute of being entered into MAX or designated as an open order.

## 2. Statutory Basis

The CHX believes that the proposed rule change 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) of the Act.<sup>21</sup> The CHX believes the proposal is consistent with section 6(b)(5) of the Act<sup>22</sup> in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and in general, to protect investors and the public interest.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

### *C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

Written comments were neither solicited nor received.

## III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing proposed rule change does not:

- (i) Significantly affect the protection of investors or the public interest;
- (ii) Impose any significant burden on competition; and
- (iii) Become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate.<sup>23</sup> Because the Exchange has requested that the Commission accelerate the operative date, and the Commission has approved acceleration of the operative date, the proposed rule change has become effective pursuant to section 19(b)(3)(A) of the Act<sup>24</sup> and Rule 19b-4(f)(6) thereunder.<sup>25</sup> At any time within 60 days of the filing of the 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 furtherance of the purposes of the Act.

As noted above, the Exchange has requested that the Commission accelerate the operative date. The Commission finds good cause to designate the proposal to become operative immediately through November 1, 2002 because such designation is consistent with the protection of investors and the public interest. Specifically, acceleration of the operative date will allow the pilot that permits trading of Nasdaq/NM securities on the CHX to continue uninterrupted. Further, the Commission notes that the Exchange is not changing any portion of its current pilot with the exception of extending the pilot for an additional year. For these reasons the Commission finds good cause to designate that the proposal is operative immediately through November 1, 2002.<sup>26</sup>

## IV. 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 CHX. All submissions should refer to File No. SR-CHX-2001-22 and should be submitted by November 29, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>27</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 01-28081 Filed 11-7-01; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45011; File No. SR-NASD-2001-78]

### **Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to the Manning Pilot for Limit Order Protection on the OTC Bulletin Board**

November 1, 2001.

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 1, 2001, the National Association of Securities Dealers, Inc. ("NASD"), through its subsidiary, The Nasdaq Stock Market, Inc. ("Nasdaq"), 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 Nasdaq. Nasdaq has designated the proposed rule change as constituting a "non-controversial" rule change under paragraph (f)(6) of Rule 29b-4 under the Act,<sup>3</sup> which renders the proposal effective upon receipt of this filing by 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**

This is a proposal to amend NASD Rule 6541 which, for a pilot period ending February 8, 2002, prohibits member firms from trading ahead of customer limit orders in designated OTC Bulletin Board ("OTCBB") securities. Portions of NASD Rule 6541 were previously amended for a three-month pilot period running from August 1, 2001, to November 1, 2001.<sup>4</sup> The amendment effected by this filing

<sup>21</sup> 15 U.S.C. 78f(b).

<sup>22</sup> 15 U.S.C. 78f(b)(5).

<sup>23</sup> As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change at least five business days prior to the filing date or such shorter time as designated by the Commission.

<sup>24</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>25</sup> 17 CFR 240.19b-4(f)(6).

<sup>26</sup> For purposes only of accelerating the operative date of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>27</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> 17 CFR 240.19b-4(f)(6).

<sup>4</sup> See Securities Exchange Act Release No. 44593 (July 26, 2001), 66 FR 40304 (August 2, 2001).