

nonradiological environmental impacts associated with the proposed action.

#### *Environmental Impacts of the Alternatives to the Proposed Action*

Since the Commission has concluded there is no measurable environmental impact associated with the proposed action, any alternatives with equal or greater environmental impact need not be evaluated. As an alternative to the proposed action, the staff considered denial of the proposed action. Denial of the application would result in no change in current environmental impacts. The environmental impacts of the proposed action and the alternative action are similar.

#### *Alternative Use of Resources*

This action does not involve the use of any resources not previously considered in the Final Environmental Statement related to the McGuire Nuclear Station.

#### *Agencies and Persons Contacted*

In accordance with its stated policy, on January 10, 2001, the staff consulted with the Alabama State official, Kirk Whitley of the Office of Radiation Control, Alabama Department of Public Health, regarding the environmental impact of the proposed amendments. The State official had no comments.

#### **Finding of No Significant Impact**

Based upon the foregoing environmental assessment, the Commission concludes that the proposed amendments will not have a significant effect on the quality of the human environment. Accordingly, the Commission has determined not to prepare an environmental impact statement for the proposed amendments.

For further details with respect to the proposed action, see the licensee's letter dated December 8, 2000. Documents may be examined, and/or copied for a fee, at the NRC's Public Document Room, located at One White Flint North, 11555 Rockville Pike (first floor), Rockville, Maryland. Publicly available records will be accessible electronically from the Agencywide Documents Access and Management Systems (ADAMS) Public Electronic Reading Room on the Internet at the NRC web site, <http://www.nrc.gov/NRC/ADAMS/index.html>. If you do not have access to ADAMS or if there are problems in accessing the documents located in ADAMS, contact the NRC Public Document Room (PDR) Reference staff at 1-800-397-4209, 301-415-4737 or by email to [pdr@nrc.gov](mailto:pdr@nrc.gov).

Dated at Rockville, Maryland, this 29th day of November, 2001.

For the Nuclear Regulatory Commission.

**Frank Rinaldi,**

*Project Manager, Section 1, Project Directorate II, Division of Licensing Project Management, Office of Nuclear Reactor Regulation.*

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## **SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-45115; File No. SR-CHX-2001-17]**

### **Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by The Chicago Stock Exchange, Incorporated, Relating to Eligibility of Limit Orders for Trade Through Protection**

November 28, 2001.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("the Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August 6, 2001, the Chicago Stock Exchange, Incorporated ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. 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 amend CHX Article XX, Rule 37(b)(6), which governs execution of limit orders in the specialist's book in the event of a trade through in the primary market. The proposed rule change would require that a limit order be resident in the specialist's book for a time period of 0-15 seconds (as designated by the specialist) before it would be eligible for limit order protection. The text of the proposed rule change is available from the Office of the Secretary, the CHX and 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 Exchange included statements concerning the purpose of and basis for

the proposed rule change and discussed any comments it received regarding the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange 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 proposes to amend Article XX, Rule 37(b)(6) of its rules, which governs execution of limit orders in the specialist's book in the event of a trade through in the primary market. The proposed rule change would require that a limit order be resident in the specialist's book for a time period of 0-15 seconds (as designated by the specialist) before it would be eligible for limit order protection.

Under current CHX rules, limit orders resting in a specialists's book are afforded trade through protection, which requires execution of the limit orders in the event of a price penetration in the primary market. The limit orders are entitled to price protection in their entirety regardless of their size. The Exchange represents that, at present, an order sender is able to take advantage of the time latency between a primary market execution and the reporting of the execution to the tape to gain these liquidity guarantees. The Exchange believes that an order sender will do so by placing a large limit order in a CHX specialist's book between the time of the primary market execution and the tape print. The limit order will typically be priced at a penny or two superior to the primary market trade price. According to the Exchange, the print of the inferior priced primary market trade will cause an automatic execution of the limit order in its entirety on the CHX at the limit price, thus giving the order sender inexpensive access to large amounts of liquidity.

In the example above, the Exchange explains that the limit order would not be due an execution because it was not "resting" on the specialist's book at the time the trade through occurred in the primary market. Rather, it was resting at the time the trade through execution was reported to the tape. The Exchange believes that this practice exploits a limitation in the trade reporting system that equates "trade time" with "report time." The Exchange believes that this practice has grown more prevalent with

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

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

the transition to a decimal pricing environment because the premium needed to secure the increased liquidity (the minimum price variation) has been reduced to a penny.

The proposed rule change would provide that before a limit order in the specialist's book is automatically executed following a price penetration in the primary market, the limit order must have resided in the specialist's book for a time period of 0–15 seconds (as designed by the specialist).<sup>3</sup> This requirement is intended to preclude order-senders from taking advantage of the time latency between a primary market execution and the reporting of the execution to the tape.

## 2. Statutory Basis

The Exchange 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).<sup>4</sup> In particular, the proposed rule is consistent with section 6(b)(5) of the Act<sup>5</sup> in that it is designed to promote just and equitable principles of trade, to remove impediments to and to 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 impose my inappropriate burden on competition.

### *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

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve the proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

## 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 at the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-CHX-2001-17 and should be submitted by December 26, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>6</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45117; File No. SR-CHX-2001-08]

### **Self-Regulatory Organizations; Order Granting Approval of Proposed Rule Change by the Chicago Stock Exchange, Incorporated, Amending Its Minor Rule Violation Plan**

November 29, 2001.

On April 23, 2001, the Chicago Stock Exchange, Incorporated ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), 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> a proposed rule change that would amend CHX Article XII, Rule 9(h), Minor Rule Violations, to include CHX Article XX, Rule 43(d), Trading in Nasdaq/NM Securities/Manual Executions, in the Exchange's Minor Rule Violation Plan ("Plan"). Specifically, a member who fails to manually execute a Nasdaq/NM market or marketable limit order at the national best bid or offer or better at the time of its receipt or at the best price available in another market place may be fined under the Plan. Notice of the proposed rule change was published for comment in the **Federal Register** on October 10, 2001.<sup>3</sup> The Commission received no comments on the proposal. This order grants approval of the proposed rule change.

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<sup>4</sup> and, in particular, the requirements of section 6 of the Act<sup>5</sup> and the rules and regulations thereunder. The Commission finds specifically that the proposed rule change is consistent with section 6(b)(5) of the Act<sup>6</sup> because it will help prevent fraudulent and manipulative acts and practices, as well as promote just and equitable principles of trade. The Commission finds the proposal is consistent with section 6(b)(6) of the Act,<sup>7</sup> because the proposal provides a mechanism for the appropriate discipline for violations of certain rules and regulations.

In addition, the Commission finds the proposal is consistent with section 6(b)(7) of the Act<sup>8</sup> because the proposal provides a fair procedure for the disciplining of members and persons associated with members. Finally, the Commission finds the proposal is consistent with Securities Exchange Act Rule 19d-1(c)(2)<sup>9</sup> that governs minor rule violation plans.

In approving this proposal, the Commission in no way minimizes the importance of compliance with this rule, and all other rules subject to the imposition of fines under the Plan. The Commission believes that the violation

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

<sup>3</sup> Securities Exchange Act Release No. 44900 (October 2, 2001), 66 FR 51694.

<sup>4</sup> In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>5</sup> 15 U.S.C. 78f.

<sup>6</sup> 15 U.S.C. 78f(b)(5).

<sup>7</sup> 15 U.S.C. 78f(b)(6).

<sup>8</sup> 15 U.S.C. 78f(b)(7).

<sup>9</sup> 17 CFR 240.19d-1(c)(2).

<sup>3</sup> A specialist might choose a lesser time as a competitive inducement to attract order flow.

<sup>4</sup> 15 U.S.C. 78f(b).

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

<sup>6</sup> 17 CFR 200.30-3(a)(12).

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